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USSR Report

ECONOMIC AFFAIRS

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ECONOMIC POLICY, ORGANIZATION AND MANAGEMENT

FEDORENKO HIGHLIGHTS ECONOMIC DEVELOPMENTS AT CONFERENCE

Moscow EKONOMIKA I MATEMATICHESKIYE METODY in Russian No 5, Sep-Oct 85 pp 940-946

[Unsigned article under the rubric "Scientific Life": "General Annual Meeting of the Economics Department of the USSR Academy of Sciences"]

[Text] The General Annual Meeting of the Economics Department of the USSR Academy of Sciences was held 11 March 1985.

Academician-secretary of the Economics Department of the USSR Academy of Sciences Academician N.P. Fedorenko presented an accountability report. He stressed that the regular annual meeting was taking place in an atmosphere of active nationwide preparations for the 27th CPSU Congress. Research of Soviet economics on questions of economic policy, drawing up of developmental directions for all sectors and spheres of the national economy and searching for the best economic conditions of accomplishing the tasks proposed by the party--all of these are of fundamental importance primarily in connection with work on the new edition of the CPSU Program which is to be adopted by the party's congress. In April 1984, at a meeting of the Commission for Preparation of a New Edition of the CPSU Program, it was pointed out that the Program should provide a realistic and comprehensively thought out description of developed socialism. In outlining the prospective goals, the main stress should be put on the historically foreseeable future, on aims achievable for today's generation. In this connection, attention was directed to the development of a Complex Program of Scientific and Technical Progress for 1986-2005 and it was recommended to use it for better scientific validation of the party's Program and for coordinating its provisions with the latest conclusions of science and with concrete scientific-technical, economic and social calculations.

The speaker reported that work on the Comprehensive Program of Scientific and Technical Progress for 1986-2005 has been successfully completed. It contains the concentrated results of many scientific developments made by scientists-economists in recent years in fields like methodology and methods of national-economic planning and prediction, including economic mathematical methods and also concrete investigations of developmental problems of national-economic sectors and spheres, questions of effectiveness of scientific and technical progress and others. The program is based on the real possibility of

reaching a qualitatively new level of social and economic development for the country and of undeviatingly raising the level of satisfying the needs and well-being of the Soviet people, creating necessary conditions for development of the individual and strengthening the ideological and political unity of Soviet society. The attainment of these social and economic goals should be materially provided for by a corresponding development of the national economy and of scientific and technical progress. A detailed investigation is provided in the program, first, of what resources the country possesses initially and, second, what possibilities exist in this field for the long term.

In connection with preparations for the 27th CPSU Congress, scientists-economists have additionally worked out proposals for ideas of social and economical development of the country for the long term and for the 12th Five-Year Plan and also a complex of scientific reports elucidating such very important problems as the rate and proportions of economic growth, structural policy, development of the production relationships of mature socialism, ways of improving the economic mechanism, public sector production management and the acceleration of scientific and technical progress, intensification and effectiveness of public sector production, investment policy and organization of industrial production and the developmental prospects of machine building.

Problems were examined pertaining to the industrial complex, growth of the people's well-being, demographic policy, rational utilization of manpower and natural resources and protection of the environment.

Several reports dealt with different aspects of boosting the effectiveness of the USSR's foreign economic ties with CEMA countries and developed capitalist and developing countries as well as questions of the ideological struggle.

It was emphasized in the accountability report that the work of Department scientific institutions for the reporting period was conducted in accordance with the directives of the 26th CPSU Congress, subsequent plenums of the CPSU Central Committee and the most important party documents.

At the July (1983) Plenum of the CPSU Central Committee, the task was posed of providing a significantly higher level of ideological and theoretical research in the field of social and particularly economic sciences and the work of scientific institutions and of each scientist individually. The party demanded the accomplishment of a decisive turn toward the real, practical problems which life puts before our society. A broad program of measures for improving the operation of economic institutions of the USSR Academy of Sciences and the entire front of economic science, was set forth in the decree of the CPSU Central Committee "On Increasing the Role of the Economics Institute of the USSR Academy of Sciences in Working out Key Questions of Economic Theory of Developed Socialism." In this connection, the bureau of the Economics Department, the collective of the Economics Institute and all the other collectives, without exception, of institutions belonging to the Department did much work in the past year on a more precise description of the structure and problems of scientific research, raising the quality of theoretical developments and bringing them up to practical recommendations and proposals. Measures were adopted for improving the methods and style of

scientific and scientific organizational work. Specifically, the Central Mathematical Economics Institute made the necessary conclusions from the criticism directed at it at the June (1983) Plenum of the CPSU Central Committee as well as from the subsequent decree of the Presidium of the USSR Academy of Sciences on the work of the institute. A complex plan of appropriate measures was worked out and is being actively put into practice. However, it is necessary to recognize that the work is still not completed and that the Economic Department's collectives have much to do to solve the tasks set by the CPSU Central Committee.

The scientific-research plan for 1981-1985 as a whole is being successfully fulfilled by the Department's institutions.

In the sphere of elaborating the theoretical problems of creating a material and technical base for communism and developing the production relationships of developed socialism and the socialist way of life, definite forward steps have been taken: in cognition of the nature of the economic basis of real socialism at the initial stage of its maturity and in theoretical generalization of new processes in society's economic life which characterize developed socialism as a special natural stage on the road to building communism. The chief directions in improvement of attitudes on public ownership of production means were investigated. Major importance was attached to intensifying public sector production, boosting its efficiency, accelerating its rate of development and improvement of proportions. The most important results of this work have been the 7-volume "Istoriya sotsialisticheskoy ekonomiki SSSR" [History of the Socialist Economy of the USSR], completed in 1981, and the 3-volume work "Ekonomicheskiy stroy sotsializma" [The Economic Structure of Socialism], published in 1984.

In the field of problems of social development, labor and upgrading of the people's living standard, a number of studies were completed both of a methodological and of an applied character.

Scientists-economists took part in preparing the draft of the Comprehensive Development Program for Consumer Goods Production and the System of Consumer Services for 1986-2000 and the draft of the program of retention of the rural population and stabilization of labor collectives. They studied, employing economic mathematical methods and models, ways of rationalizing consumption and formation of the population's demand for goods and services and determined problems of providing goods to populations of different regions.

The elaboration of the theoretical bases of economic influence on the solution of ecological problems carried out by the Economics Institute of OPP [possibly operative production planning (operativno-proizvodstvennoye planirovaniye)] and the Central Mathematical Economics Institute (with the participation of other scientific collectives) deserves attention.

In the sphere of perspectives of scientific and technical progress and economic development of the country, scientists of the Economics Department, besides participating in the preparation of the Comprehensive Program of Scientific and Technical Progress, made their contribution to the elaboration

of the the USSR Energy Program, the USSR Food Program and a broad complex of measures for acceleration of scientific and technical progress in the national economy. A draft was prepared of methodological instructions for the complex assessment of effectiveness of measures aimed at speeding up scientific and technical progress with a system of interrelated indicators, based on unified principles, that took into consideration economic, social and other factors.

In the area of disposition problems connected with the country's productive forces and regional economic development, one should note, first of all, the completion, by the Council for the Study of Productive Forces under Gosplan USSR, of elaborations for the General Scheme of Development of the USSR's Productive Forces for the Period to the year 2000. For the first time, the Comprehensive Program of Scientific and Technical Progress included sections representing comparable complex programs for all of the country's union republics as well as for a number of large economic regions. The most active part taken in this work was by economics institutes of union republics' academies of sciences. There was also progress in elaborating the theoretico-methodological bases of coordinating economic mathematical models of the national economy as a whole and of sectors and regions.

During the 11th Five-Year Plan significant scientific progress was made in the field of developing the theory and methodology of national-economic planning, including the use of economic mathematical methods. Communications were enhanced between Department scientists and planning organs, in particular the Main Computer Center of Gosplan USSR. This led to further development of the methodological bases of the Automated System of Planning Calculations of Gosplan USSR and of union-republic state plans. Specifically, the complex of macroeconomic models created by the joint efforts of the Central Mathematical Economics Institute and the Main Computer Center was used in calculating the variants of the chief directions of economic and social development for the 12th Five-Year Plan and future forecasts to the year 2000. A number of new methods were developed and checked out in practice for the use of mathematical economic models in optimal planning of the development and disposition of sectors and intersectorial complexes.

Problems of improving management of the national economy occupied, as before, a central place in the work of most scientific institutions of the Economics Department. Work was completed on the 11-volume series of collective monographs "Voprosy optimalnogo planirovaniya i upravleniya sotsialisticheskoy ekonomikoy" [Problems of Optimal Planning and Management of a Socialist Economy] (eight of them had been published by the beginning of 1985). In cooperation with a number of CEMA countries, a series of three books was published dealing with improving planning and management of the national economy in countries of the socialist community, which utilized their rich and varied experience. The series evoked a favorable response both among us and abroad. Translations have been published not only in socialist countries but also in Japan.

The speaker spoke of the participation of the Department's scientists in conducting a wide-scale economic experiment and in analyzing its course and results. This work is being done by the Economics Institute of the USSR Academy of Sciences, at the USSR Ministry of Heavy and Transport Machine

Building; the Central Mathematical Economics Institute, at the USSR Ministry of Electrical Equipment Industry; the Economics Institute of the UkSSR Academy of Sciences, at the UkSSR Ministry of Food Industry. It also involves many other scientific organizations. Their materials were discussed at meetings of the Economics Department's buro, were turned over to planning and economic organs, and on the whole received a favorable evaluation. During the course of 1984, a number of lapses were revealed, and it became clear that it was necessary to prepare on the basis of the conducted analysis concrete proposals aimed at improving the conditions of the experiment whose scale had been significantly expanded since the beginning of 1985.

The first year of the experiment showed in particular that the developed system, despite all its positive aspects, was still inadequately providing the main thing for today--economic incentives and creation of real possibilities for acceleration of technical progress at enterprises. As before, nothing compensates for the inevitable rising production cost of new products as they go into production. Difficulties still remain in effectively providing material support for producing new equipment. Separation between planning and stimulating basic production, on the one hand, and producing new equipment, on the other, has been retained. Problems of pay for engineers and other specialists have not been solved. Lack of coordination exists in financing and in material and technical support for work relating to the retooling of enterprises, although positive changes in this regard have occurred. But unfortunately, planned expansion of the rights of associations and enterprises in use of capital of the development fund remains largely unrealized. We cannot help but be concerned with the fact that the experiment has so far completely failed to deal with medium and higher levels of management. Certain ministries and all-union production associations, when it comes to words, welcome the experiment but in deed frequently violate its conditions. Finally, one of the weak parts of the experiment is lack of regulation of the credit and financial levers of control over of the operation of enterprises.

The conclusions of the scientists engaged in the analysis of the experiment's results show that the acquired experience on the whole is positive, but it is necessary to further expand independence and to bolster the economic responsibility of enterprises and associations; to introduce a number of organizational changes into the industrial management structure; to reduce the number of plan indicators set for enterprises of ministries and industrial associations; to develop wholesale trade of the means of production; to ensure greater flexibility in price formation; to more deeply differentiate the conditions of credit extension by banks to well or poorly operated enterprises as well as to carry out serious changes in planning and management of construction and modernization of enterprises.

A number of scientific and practical achievements exist in the field of mathematical and technical support for economic research. In particular, a modern computing system has been created at the Central Mathematical Economics Institute, which is used for performing scientific-research and economic-contract work. Applied-program packages have been developed and are widely used at many scientific and planning institutions and VUZ's. A number of essentially new mathematical results have been obtained relative to the

creation of effective methods of solving typical problems. These are being used in computer mathematics and mathematical economics modeling.

Scientists and economists have worked out methodological recommendations for the economic validation of environmental protection measures and proposals for economic stimulation for boosting their effectiveness and for reducing losses and improving use of the most important types of natural resources and basic directions of development of scientific and technical progress in the field of ecology. A standard method has been prepared of economic evaluation of mineral deposits and recommendations for calculating the economic effectiveness of atmospheric and water-protection measures. A number of methodological materials have been prepared for CEMA countries.

Speaking of the operation of international institutes, the speaker pointed out the work results of scientists of the USSR and countries of the socialist community in the field of methodology and practical development of economic integration processes. It was planned to expand somewhat the range of study of current problems at the present stage of building socialism in socialist countries: essence and means of realizing socialist ownership; principles of worker participation in production management; enrichment of the forms of socialist democracy; the best combination of central planned management of the nation economy by using cost factors, and upgrading of effectiveness and flexibility of party guidance of the economy. The work "Mirovoye sotsialisticheskoye khozyaystvo. Voprosy politicheskoy ekonomii" [The World Socialist Economy. Problems of Political Economy] was prepared on the basis of the results of this research. A number of studies have been completed on concrete development problems in countries of the socialist community, including on questions of balance, technical progress, fuel and power provision, foreign trade and foreign policy. Their results are reflected in a series of monographs "Ekonomika i politika zarubezhnykh sotsialisticheskikh stran" [Economics and Politics of Socialist Countries Abroad].

Research studies on economic, social and political problems of contemporary capitalism and the developing countries were also considered in the accountability report.

N.P. Fedorenko devoted special attention to the tasks and chief directions of economic science stemming from the decisions of the February (1984) and subsequent plenums of the CPSU Central Committee.

Today complex elaboration of problems pertaining to such a program task of economic policy as achievement of the highest world level of productivity by socialized labor is coming to the forefront. Elaboration of the idea of radical retooling of the national-economic production apparatus on the basis of the latest achievements of science and technology, change of priorities in the development of individual sectors and profound structural maneuvering, are organically connected to this problem.

Solution of these problems is impossible without development of production relationships. It is necessary to deepen the analysis of the interaction of productive forces and production relationships, to disclose those groups (strata, spheres) of production relationships which are in need of priority

improvement at the present stage of developed socialism, and to disclose the mechanism of this improvement.

Further research is required on problems and ways for comprehensive development of the socialist way of life and its various aspects--material well-being, distribution relationships, and all-round development of the human personality.

The present state of economic science shows that all the prerequisites exist for new qualitative generalizations in elaborating the scientific bases for the long-term strategy of improving the entire system of national-economic management, including the development and introduction of modern methods of planning at all levels with the use of the latest computer technology and economic mathematical models for elaborating a methodology of optimization of processes and mechanisms for the management of a unified national-economic complex.

The agenda includes all-round investigation of the special features of socialist economic integration, its methods and goals, and study of the experience of economic construction in socialist countries for the purpose of utilization of the best that we have.

New responsible tasks are put before scientists in analyzing the entire complex of modern world economic and political problems, particularly in understanding diverse processes connected with the deeply contradictory influence of the new stage of the scientific and technical revolution on the structural breaking up of world capitalist production, international economic ties and social relations; in studying the special features of uneven economic and political development of centers of imperialism and its periphery and so on. Problems of economic development of liberated countries and prospects of the national liberation movement require further analysis.

During the forthcoming 5-year plan, the work of scientists and economists in unmasking attempts at revision of Marxist-Leninist theory should be expanded.

All research studies on the basic directions of economic sciences need to be carried out not only in theoretical aspects but also to ensure the elaboration of practical recommendations and proposals. The Economics Department's institutes are to maintain permanent close contacts with central planning and economic organs, and to work on their orders. We need to expand in every possible way the already available experience at the Economics Institute of the USSR Academy of Sciences and certain other institutes and to bring economic science closer to economic practice.

It is necessary to raise to a new level the organization and methods of scientific research. We should make wider use of forms of collaboration among collectives of scientists on an inter-institute basis. Economic mathematical methods and modern computer technology should be systematically employed in all research where this helps to disclose the objective truth.

A great deal of work will have to be done on organizing and regulating the work of the recently created Chair of Political Economy of the USSR Academy of

Sciences. It should become a genuine center for training of cadres of scientists and economists of the highest qualifications.

It is necessary to boost the organizational and coordinating role of the Economics Department and to convert it into a working organ of all economic sciences regardless of departmental subordination of the respective scientific institutions.

In conclusion, the speaker dwelt on problems of the Department's scientific and organizational work, particularly in the preparation of scientific-research plans for the 12th Five-Year Plan.

Academician A.G. Aganbegyan (Economics Institute OPP) described the successes and problems of Siberia's economic life today and the contribution of Siberian scientists-economists to the development of the region's economy. In former years, an essentially new scientific stockpile was created. A transition was made from using disparate economic mathematical models of optimal sectorial planning to interregional optimization models and regional models. Two systems were developed which combine national-economic and regional models (Sirena) and regional sectorial models (Sanar). At the present time, the institute is preparing plans for the next 5-year period and, by relying on what has been accomplished, it is possible to successfully develop further research. A.G. Aganbegyan also discussed questions of participation of scientists-economists in the implementation of very large state programs (problems of the Baykal-Amur Mainline, the West Siberian Petroleum-Gas Complex, the Angaro-Yeniseysk Regional Production Complex), cooperation of the OPP Economics Institute with other institutes of the Siberian Department of the USSR Academy of Sciences, and others.

Corresponding Member of the USSR Academy of Sciences V.V. Zhurkin (USA and Canada Institute of the USSR Academy of Sciences) noted that in connection with preparations for the 27th CPSU Congress long-range questions were at the center of attention of scientists-Americanists, the chief among which was in what external sphere to conduct our peaceful socialist construction. Study is to be made of the consequences of structural revision of the U.S. economy, the economic crisis advancing on the country, shift of economic activity in the direction of the Pacific Ocean and East Asia, the rate of this shift and others. V.V. Zhurkin emphasized the fruitful cooperation of scientists of different scientific institutions, particularly in analysis of the development of the strategic situation and the struggle of the USSR for limitation and reduction of armaments.

Corresponding Member of the USSR Academy of Sciences V.P. Chichkanov (IEI DVNTs AN SSSR) [Economics Research Institute, Far Eastern Scientific Center of the USSR Academy of Sciences] described the problems solved by Far Eastern scientists-economists in the past 15-20 years: from elaboration of plans of scientific labor organization at the workplace and on the enterprise level, to complex developmental plans for cities and oblasts and the complex program of scientific and technical progress for the Far East. One of the chief problems is improving the theoretical bases of regional aspects of planning. In V.P. Chichkanov's opinion, the large-scale economic experiment needs to be supplemented with regional aspects. It would be proper to expand the rights

of academic science, especially regionally [v regionakh], for it is called upon to coordinate and direct all scientific work.

The Department's accountability report makes it possible, in the opinion of Corresponding Member of the USSR Academy of Sciences S.R. Sitaryan (Gosplan USSR), to form a complete opinion both about achieved marked results and concerning complex forthcoming tasks. There is no doubt concerning the usefulness of the participation of academic science in carrying out and analyzing the course of the wide-scale economic experiment. At the same time, it is necessary to give it a firmer theoretical basis. The important question here is economic norms. Three institutes are studying the activities of the individual ministries conducting the experiment, but it would make more sense to create mobile complex groups. S.R. Sitaryan emphasized that the new forms of organizing links between science and practice, (particularly the system of orders, and others) as well as work on the Comprehensive Program of Scientific and Technical Progress should serve as a good foundation for further activation of economic science and for enhancing its contribution to the solution of national-economic problems.

Attaining the high world level of labor productivity is a cardinal task that is historical in its scope and complexity. L.I. Abalkin, corresponding member of the USSR Academy of Sciences (CPSU Central Committee's Academy of Social Sciences) said that to solve it requires serious changes in the conditions, nature, and profitability of work. Large-scale maneuvering is needed that will shift resource distribution in favor of those sectors on which the future of scientific progress depends. Still, the determining factor is production relations and not technology, natural resources, etc. A profound politico-economical understanding of these questions is needed. The Economics Department should consider preparing a fundamental theoretical report devoted to this problem.

Academician L.V. Kantorovich of VNIISI [All-Union Scientific-Research Institute of Systems Research] said that examination of the results of the Department's work should be tied to the overall status and problems of economic science in the USSR. The difficulties [Soviet economic science] has experienced are conditioned not only by the fact that not until after the October Revolution were we first able to make conscious use of economic laws, but also by new problems to which the scientific technical revolution has recently given rise. The subject matter of economics is exceptionally complicated when it comes to applying the new means (computer technology, mathematical methods, etc.) An enormous quantity of factors and interrelations must be considered in modelling its processes. These include certain factors which lie beyond the boundaries of economics. And yet practically all spheres of social life and the national economy depend on the quality of solutions to economic problems. In this sense economic science plays a very important role in our society. In some cases one can demand definitive solutions, in others, available partial solutions may be used. Implementation of the derived results requires the friendly efforts of science, economic organs, and sectors. Unfortunately, however, the materials prepared by science to guide future optimal sector planning (which offer the chance for considerable economizing of resources) are not presently being used. L.V. Kantorovich pointed to the importance of greater attention by the Department to such

theoretical problems as price formation, rent, and the like, and to the need for strengthening its ties with economic organs.

Corresponding Member of the USSR Academy of Sciences A.A. Gromyko (Africa Institute of the USSR Academy of Sciences) pointed to the close relation of foreign political and economic situations to problems of our country's economic development and discussed in detail the situation of the liberated countries today. He underscored the pressing nature of the search for new forms of closer linkage between the USSR's foreign economic relations and the actions of the liberated countries which did not wish to remain vassals of the world capitalist system. A.A. Gromyko spoke in favor of supporting inter-institute cooperation.

It is pointed out in the decree of the General Annual Meeting that in their scientific and organizational activities, institutions of the Economics Department of the USSR Academy of Sciences, during the reporting period proceeded from tasks designated by the 26th CPSU Congress, subsequent plenums of the CPSU Central Committee and the Decree of the CPSU Central Committee "On Enhancing the Role of the Economics Institute of the USSR Academy of Science in Elaboration of Key Questions of Economic Theory of Developed Socialism." The chief attention was concentrated on further elaboration of the theoretical problems of developed socialism.

In connection with preparations for the 27th CPSU Congress, scientists-economists worked out proposals for a conception of social and economic development of the country for the long term and the 12th Five-Year Plan, as well as a complex of scientific reports elucidating the most important problems of the country's long-range social and economic development.

Work was successfully completed on the Comprehensive Program of Scientific and Technical Progress for 1986-2005. The Department's scientists took an active part in working up the Energy and Food Programs. The Comprehensive Program for Curtailing Employment of Manual Labor in the National Economy for the Period to the Year 2000 and the Comprehensive Program of Development of Production of Consumer Goods and the Systems of Services for the Population for 1986-2000.

In the light of realization of the decree of the CPSU Central Committee and the USSR Council of Ministers "On Measures for Acceleration of Scientific and Technical Progress in the National Economy," a complex of recommendations was worked out encompassing such fields as improvement of technical and structural policy, stimulation of production and introduction of new technology, improvement of planning and assessment of the operation of associations and enterprises for the purpose of increasing their interest in the development and introduction of new technology, the development of cost-accounting relations in the sphere of scientific and technical work, and improvement of the system of teacher cadre training.

Scientists-economists have actively involved themselves in work on preparation, implementation and scientific generalization of the economic

experiment being conducted in the country. The research materials were turned over to planning and economics organs and on the whole received a favorable assessment.

Work has been done in the scientific organizational field on rendering more precise the structure and problems of scientific research, raising the quality of theoretical solutions and bringing them to the point of practical recommendations and proposals. Measures have been adopted for improving the methods and style of scientific and scientific-organizational work.

The character of economic research has been refined. Proposals were worked out for improving planning and coordination of economic research within the organizations of the USSR Academy of Sciences. Proposals were made for determining the status, rights and duties of head institutions in regard to pertinent problems and strengthening methodological supervision by economic institutes of union-republic academies of sciences, sectors and departments.

At the same time, it is pointed out in the decree that departments in scientific institutions have reserves for boosting the effectiveness of scientific research. This requires, first of all, improvement of planning, organization, and coordination of scientific-research work and the adoption of measures for enhancing the work qualifications and the creative activity of each scientist-economist.

The level of investigations on basic problems of improving the economic system of developed socialist society and methodological questions of socialism's political economy is still insufficiently high, and its separation from practice has not been overcome. The efforts of scientists have not been adequate in solving problems of raising production efficiency under the conditions of its largely intensive development, by means of speeding up scientific and technical progress and improving planned management of the national-economic complex. There is a need to increase the effectiveness of scientific discussions conducted at institutes and to more widely show their results in the periodical press.

Not all the scientific councils of the Department provide the necessary coordination of research and implement adequate measures for establishing active cooperation of academic institutions with scientific-research organizations of other departments.

Having approved the results of scientific-research work of economic institutions and the scientific organizational work of the Economics Department of the USSR Academy of Sciences for 1984, the General Meeting emphasized that the Department's first-priority task is active participation in preparations for the 27th CPSU Congress and elaboration of problems of the country's social and economic development for the 12th Five-Year Plan and the long-range perspective. Scientists-economists were requested to raise the level of political economic substantiation of economic research on questions of theory and practice of economic construction.

The Department's scientific institutions are requested to pay special attention to completion of the 5-year plan of scientific research and further

work on very important state programs and preparation within the prescribed time of a draft of a 5-year scientific-research plan for 1986-1990 for very important economic problems.

The decree points out the need to concentrate the efforts of scientists on elaborating problems connected with the solution of such a program task of economic policy as emergence onto the highest world level of public sector labor productivity as well as further improvement of production relationships and the socialist way of life. Qualitatively new generalizations are required in the field of elaborating scientific bases for a long-term strategy of improving the entire system of national-economic management, including the development and introduction of modern methods of planning at all levels with the use of economico-mathematical methods and computer technology and preparation of a methodology of organizing management processes and mechanisms into a single national-economic complex. Comprehensive research is required on: the special features of the present stage of socialist economic integration and its methods; experience of economic construction in socialist countries for the purpose of using everything that is best in domestic practice; special features of unevenness of economic and political development of imperialism's centers, problems of social and economic development of the liberated countries and prospects of the national liberation movement.

The work of scientists-economists should be expanded in unmasking attempts at revision of Marxist-Leninist theory, and the level of counterpropaganda should be raised.

It is recommended that economic scientific institutions concentrate their attention on further analyzing and generalizing the results of the economic experiment, taking into consideration the expansion of its scale for the purpose of preparing proposals for improving the economic mechanism.

The Economics Department is requested: to increase control over the operation of scientific councils for coordination of scientific research on the scale of the whole country; to increase the accountability of institutions for the practical introduction of scientific-research results.

Special reference is made to the need for raising the scientific-technical level of publications of the Department's journals, more widely publishing materials on practical experience, organizing discussions on topical theoretical problems and intensifying the counterpropaganda component of published materials.

The General Annual Meeting of the Economics Department of the USSR Academy of Sciences also heard a report by Academician I.I. Lukinov (Economist Institute of the UkSSR Academy of Sciences) "Boosting the Efficiency of Public Production in the 12th Five-Year Plan," and examined a number of organizational questions.

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PLANNING AND PLAN IMPLEMENTATION

DISCUSSIONS OF USSR SOCIO-ECONOMIC DEVELOPMENT TO YEAR 2000

Moscow PLANOVYE KHOZYAYSTVO in Russian Nos 1 and 2, Jan, Feb 86

[Serialized round table discussion under the heading "Discussing the Draft of 'Basic Directions of the USSR's Economic and Social Development from 1986--1990 and up to the Year 2000'"; passages rendered in capitals were printed in boldface in source; passages enclosed in slantlines were italicized in source; participants names, enclosed in brackets, and titles, enclosed in parentheses, as published in source]

[No 1, Jan 86 pp 9-44]

[Text] [P. A. IGNATOVSKIY] (chief editor, PLANOVYE KHOZYAYSTVO). We are going to discuss the draft of the Basic Directions of the nation's economic and social development in the next five-year plan and the period up to the year 2000. We proceed from the fact that the Basic Directions are the concretization of the strategic line articulated in the draft of the new Party Program. The content of today's discussion is determined by the draft of the Basic Directions. At the same time, we do not want to skirt such issues as the conception of the 12th Five-Year Plan, planning and scientific-technical progress, intensification and the enhanced effectiveness of production. Problems of national economic proportions, priorities, and ultimately, progressive changes in the structure of the national economy, i. e., the problems that are discussed in our journal's pages, are of major interest in this regard. The search for and use of national economic reserves are of special importance and we should discuss them to the extent we are able. Next on the agenda are problems relating to social development and to raising the people's living standard and the entire gamut of tasks associated with management and the improvement of the economic mechanism, of which the national economic plan is the core.

Problems in the Planning, Management and Improvement of Production Relations

[G. K. GALAKHOV] (chief of a USSR Gosplan subdepartment). In our opinion, the acceleration of socioeconomic development as the strategic path of our country's development in the period up to the year 2000 requires that plans take the time factor more strictly into account. This will make it possible to reflect the direction of structural and investment policy more completely in the period ahead.

An important element of investment policy is the concentration of resources in the decisive sectors upon which the rapid attainment of the highest national

economic effect and balanced economic development depend. This requires the strict observance of plan discipline. What is more, with the transition to the intensive path of development, time is practically speaking a resource that the nation has at its disposal for the attainment of its goals. One-year and five-year plans are used as the scale that is used to measure time. It should be emphasized that we are discussing the time that is actually spent on the attainment of specific plan targets.

Consideration of the time factor in the system of plans holds special importance for the acceleration of the introduction of advances of scientific-technical progress. It is specifically here that the saving of time ultimately means the production of more resources for increasing social consumption funds, i. e., the improvement of the well-being, working and living conditions of the Soviet people. The saving of time and the more effective use of time are closely associated (through the consumption fund) with Soviet man's free time, with his spiritual and moral development, with the realization of social policy as a powerful means of accelerating the nation's development.

This is most vividly manifested in the increased effectiveness of capital investments and in the reduction of construction time. The published draft of the Basic Directions calls for reducing construction time from between one-half to two-thirds of the present level. Given the increased social orientation of the plan, this means not only the earlier realization of large-scale tasks but also higher output and national income per ruble of capital investment.

In the capital investment plan, the social orientation is realized in three directions. First, in the constantly expanding program of housing construction. The published draft of the Basic Directions states that housing construction will grow from 550 million m^2 under the current five-year plan to 565-570 million m^2 under the next five-year plan. Second, in broad-scale measures associated with the school reform. In connection with the practice of conducting clinical examinations for the prevention and treatment of disease on a universal scale [vseobshchaya dispanserizatsiya] and other measures to strengthen the health of the Soviet people, for which the further expansion of the network of polyclinics, hospitals, sanatoria, etc., is planned. Third, through the increase in resources and the services of construction organizations for individual housing construction, gardening associations, for the greater growth of housebuilding cooperatives, for the construction of cooperative garages.

It is specifically the increased emphasis on the social orientation of plans that is the main reason for change in structural and investment policy. The concentration of capital investments, with the practical introduction of a unified policy of scientific-technical progress and capital investment, is carried out in two directions. By redistributing resources in favor of branches that accelerate scientific-technical progress, the state provides a centralized solution to the problem of saving time and of establishing the material-technical base for socioeconomic acceleration. The concentration of capital investments by ministry and departments and their allocation in

accordance with norms governing the duration of construction are presently acquiring major importance in cutting construction time.

The concentration and effectiveness of capital investments are so closely interconnected in planning practice that it would be difficult to determine the direct ties and feedbacks of these concepts. The lowering of per unit capital investments, which reflects one aspect of the effectiveness of capital investments, leads to the reduction of the estimated cost of construction projects and facilitates the concentration of capital investments. Concentration, in turn, reduces construction time and speeds up the recoupment period for capital investment, i. e., increases its effectiveness.

As we see, real time periods are the connecting links between the two aspects of effectiveness of capital investments. One of them reflects the physical aspect, the other--the value aspect of capital investments. The interrelationship between five-year and long-range plans makes it possible to measure time in actual periods. While improving the criteria used for evaluating expenditures of resources and time, it is also necessary to strengthen the normative-balance approach in the system of plans and the interaction of organizational factors in planning as an active lever of social and economic acceleration. USSR Gosplan's Capital Investments Consolidated Department is working in this direction together with scientific research organizations. Top-priority measures that were developed have been approved by the leadership of USSR Gosplan. The most important among them are: the more complete utilization of available reserves at existing enterprises as a result of the maximum possible utilization of rated capacity and other non-investment factors; the revision of planning estimates and norms governing per unit capital investments and norms governing the effectiveness of capital investments; the preparation of a special section of the plan for the technical retooling and reconstruction of existing enterprises and other measures making it possible to intensify the use of the system of plans to accelerate our country's socioeconomic development.

[M. M. MEDVEDEV] (chief of a USSR Gosplan subdepartment). One of the principal tasks posed by the party in improving management of the national economy is to raise the scientific level of planning. The draft of the Basic Directions indicates the need "to strengthen its influence on the acceleration of the country's socioeconomic development, on the formation of the progressive structure of social production, on its intensification, on its balanced and proportional development, and on the effective utilization of the production and scientific-technical potential." Accordingly, the organization of the preparation of the five-year plan for 1986-1990 contemplates many new approaches that reflect the essence of measures designed to improve planning.

The acceleration of scientific-technical progress is the principal factor in intensification and the basic question of economic policy at the present time. Therefore the draft of the five-year plan clearly follows the line of increasing the orientation of all branches of the national economy toward the maximum use of advances in science and technology, modernizing the production apparatus on a new technological basis, and raising production and product quality to the level of modern technology.

For the first time in planning practice, provision is made for the relatively more rapid planning of the development of science and technology and the introduction of their advances in the national economy so that all indicators of the draft five-year plan would be based on the results of the acceleration of scientific-technical progress. The Science and Technology Consolidated Department prepared preliminary projections of scientific-technical progress together with branch and consolidated departments of integrated planning administrations, submitted them in the beginning of January 1986 and used them as the basis for drafting plans for the development of branches.

The draft five-year plan must provide for supplying the necessary means and material-technical resources required for work on the further development of experimental bases and production facilities. This is especially important now, because without such support it will be impossible to accelerate tasks relating to scientific-technical progress.

The draft of the Basic Directions devotes special attention to the development of machine building which materializes advances of science and technology. There have been substantial structural changes in this branch. Priority is given to machine tool construction, to the production of computing and calculating equipment, to instrument making, to electrical equipment, and electronics. The production of machinery, equipment and instruments of an incomparably higher technical level compared with those currently produced will be the main direction in the development of all branches of machine building. USSR Gosplan contemplates the integrated realization of these tasks. In particular, the mix of machine building products that are delivered as complete packages will be expanded.

One of the main directions of capital investment policy will be the considerable increase in the funding of technical retooling and the reconstruction of existing production in the next few years. Half of the funds scheduled for the construction of productive facilities in 1986-1990 will be used for this purpose. At the same time, the role of enterprises' resources will play a more prominent part in this area.

Considering the fact that all branches of industry will be operating under the new conditions of management as of 1 January 1987, a number of measures have been devised to improve the material-technical and economic potential for the effective retooling and reconstruction of existing enterprises. Accordingly, the draft plan will include noncentralized capital investments financed by development funds and bank loans and these investments will be backed by the appropriate material resources. Nonproductive construction projects will be included in the plan and financed by the fund for sociocultural measures and bank loans.

Much attention is devoted to organizational support for the resolution of problems relating to resource supply and the conservation of material resources. In addition to measures for the realization of targets indicated in the draft of the Basic Directions, maximum emphasis will be placed on the utilization of secondary resources in construction.

The social program--a central part of the new five-year plan--is based on the need to create conditions for the more complete and comprehensive solution of all the most important social problems and to institute measures to raise the living standard of all segments of the population. Much importance in this regard is assigned to the Comprehensive Program for the Production of Consumer Goods and Services. The development of the production and sale of consumer goods and the system of paid personal services will be treated separately in the draft of the five-year plan. In particular, the resources required to outfit at least one million garden plots a year will be allocated for 1986-1990.

In conclusion, I would like to emphasize that a great deal remains to be done to improve the targets set by the draft of the Basic Directions.

[M. M. PCHELIN] (chief of a USSR Gosplan subdepartment). I would like to discuss certain aspects of the development of the fuel-energy complex and in particular problems pertaining to the rational utilization and conservation of fuel-energy resources. Their extraction, production and transport cost society more and more. Today, they account for approximately 20 percent of all capital investments and their share will not diminish in the future.

This increase in costs is due to the shift in the extraction and production of energy resources to regions that are remote from the nation's economic centers on the one hand and the ever more complex technology primarily as a result of the development of atomic energy, super high-voltage electric power transmission lines, and the higher unit capacity of electric power plants on the other. Capital investments in the fuel-energy complex in the last 10 years have grown 1.5 times faster than the production of energy resources. At the same time, it costs between two and three times more to extract and produce energy resources than it does to conserve fuel and electric power through the introduction of energy-saving measures. This is the essence of the energy-saving policy advanced in the draft of the Basic Directions.

It is planned to economize 200-230 million tons of standard fuel, including 75-90 million tons to be saved by replacing organic fuel with electric power generated at atomic power plants.

The implementation of these measures will require the coordination and unification of the efforts of all organizations participating in the atomic energy development program. It is also necessary to pay more attention to the question of accelerating the introduction of energy-saving technology, equipment and instruments in all branches of the national economy. We must accelerate the commissioning of plans specializing in their manufacture and this point must find reflection in the Basic Directions.

The long-term energy-saving policy requires new approaches to planning and especially the allocation of capital investments exclusively for this purpose.

The prompt retirement of obsolete equipment is a no less important facet of energy-saving. However, 10 million kilowatts is too low a figure for the dismantling of obsolete equipment at electric power plants because it does not permit the attainment of planned indicators for per unit expenditures

of fuel on electric power production. The dismantling figure must be at least 15-20 million kilowatts--a point that must be taken into account in future work on the draft of the Basic Directions.

And finally, there is the demand that is made on machine building. In our view, the draft of the Basic Directions should emphasize in particular that enterprises in machine building, the electrical equipment industry, instrument making, chemical machine building, and a number of other branches should significantly expand the production of specialized energy-saving equipment and instruments for all spheres of the national economy.

[D. A. CHERNIKOV] (doctor of economic sciences; deputy director of USSR Gosplan's Scientific Research Economics Institute). The mounting dynamism of socioeconomic development is based on the dramatic renovation of the national economy's material-technical base, on improved social relationships, on fundamental changes in the content and character of labor, on the conditions of Soviet people's vital activity, on the invigoration of the entire system of political, social and ideological institutions. All this determines the aggregate of demands that are made on economic growth rates.

The draft of the new CPSU Program is based on the in-depth analysis and substantiation of economic growth rates. The key task in setting rates is to outline the boundaries within which real planning decisions can be formulated in this area.

Research shows that minimum admissible growth is based on the preservation of existing trends toward change in wages, in distribution from social consumption funds and in the stabilization of the existing volume of commissioning of housing. Maximum and entirely socially motivated growth is oriented toward the need to attain the indicators of the rational consumption budget within the framework of a given future period.

The formulated complex of large-scale measures in the area of social progress during the 12th Five-Year Plan and in the extended future and in-depth analysis of adverse trends and difficulties in the '70's and early '80's in the development of the nation's economy confirm the need for faster economic growth rates.

The draft of the Basic Directions advances the task of increasing the growth rate of national income used for consumption and accumulation from 17 percent under the 11th Five-Year Plan to 19-22 percent under the 12th. On the whole, national income should almost double in the next 15 years.

The greater dynamism of economic growth is expressed not only in the faster growth rate of national income. It consists first and foremost in the improvement of structural content and in raising the real significance of every percent of increase. Therefore, the acceleration of the growth of general value indicators of the development of the national economy and especially national income is feasible only as long as final, truly significant indicators, i. e., products of labor that promote the people's well-being and the process of expanded reproduction, grow at a relatively more rapid rate.

In view of the special importance of substantial changes in the real content of both parts of national income as a result of the joint efforts of planning agencies, ministries and departments, we believe that the words "To increase national income twofold" in Section II of the Basic Directions should be followed by: "/And to improve its structural content/."

This task can be realized only on the basis of the transition to the predominantly intensive type of expanded reproduction. The increased dynamism of economic development based on the all-round intensification of social production is the most typical feature of expanded reproduction in the future. After all, if subsequent development were predominantly extensive, as a result of the diminishing possibility for the additional utilization of labor and material resources, according to existing calculations, economic growth rates would be approximately halved compared with the existing level. Comparison of the projections of future economic growth rates with their possible value in the case of continued predominantly extensive expanded reproduction shows the correctness of the planned scale of intensification of social production and the depth of structural changes for which the time is ripe in the national economy.

At the same time, it is important to emphasize the following interrelationship. The increased intensification of social production, the higher degree of balance of economic growth, and the improvement and growth of the production potential are based on the expansion of the economy's investment potential.

Capital investments in the national economy are slated to increase by 18-21 percent under the 12th Five-Year Plan. This volume is balanced with the scale of growth of production of construction materials, capacities of construction-installation organizations and equipment deliveries. It makes it possible to overcome the past trend toward a slackening investment growth rate. The projected correction of this trend and the policy of maintaining quite a high level of capital investments are fundamentally important to the pursuit of an effective structural policy. With the conversion of the economy to the predominantly intensive path of development, it must facilitate the coordination of the reproduction of fixed capital and labor resources and must surmount fuel-energy and raw material constraints.

Substantial changes in the draft of the Basic Directions regarding the reproductive structure of capital investments are particularly important from this point of view. They coordinate the dynamics of fixed capital and labor resources.

As is known, with the intensification of social production, the minimum boundary of the fixed capital retirement norm is determined by the condition of maintaining their existing service life at a stable level. The maximum boundary, on the other hand, is determined by the equality of its service life and the renovation period of machine building products.

In the process of determining the possibility for accelerating the retirement of fixed capital within the indicated boundaries, it must be borne in mind

that acceleration primarily affects stationary production equipment, i. e., the active part of the production apparatus. Branches that use mobile equipment are faced with the opposite problem of increasing its service life by enhancing its reliability and longevity. This is why the draft of the Basic Directions calls for the renovation of more than one-third of the active part of productive fixed capital under the 12th Five-Year Plan. The volume of retirement of obsolete productive fixed capital must be at least doubled compared with the 11th Five-Year Plan. Taking into account the need to overcome negative trends in the utilization of labor, this thesis should be followed by the words: "/While securing the balance between jobs and labor resources/."

The establishment of a firm basis for proportionality in the national economy presupposes the decreased dependence of economic growth on raw material and fuel-energy constraints through the improvement of the branch structure of capital investments. Change in the existing character of the interrelationships of capital-forming branches with raw material and fuel-energy branches corresponds to the adopted policy of intensification of social production. This presupposes giving priority to capital investment in machine building for the accelerated replacement of means of labor in branches producing structural materials and in the fuel-energy complex and to resource-saving directions of scientific-technical progress corresponding to the intensification of social production in them.

The consistent realization of the material- and energy-saving functions of scientific-technical progress will become an important factor in the relative reduction of the consumption of fuel-energy and raw material resources and this in turn will have a dramatic impact on the lowering of the capital-output ratio in the national economy since raw materials, energy and fuel are produced in the most investment-intensive branches.

In view of the decisive significance of such a structural maneuver--that affects leading branches of the economy--to the dynamics of the output-capital ratio, the words "/On the basis of the more complete realization of the resource-saving directions of scientific-technical progress, to reduce the relative requirement for raw materials, supplies, fuel, and energy, thereby creating conditions for the transition to a less investment- and capital-intensive structure of social production" should be inserted in Section II following the words "To draw secondary resources and by-products into economic circulation widely."

[S. G. RODIN] (department head, Higher Economic Courses under USSR Gosplan). I would like to address my remarks to the essence of the national economic plan as an aggregate of indicators that includes the general, main indicator that is the basis for evaluating a given economic link's fulfillment of its plan.

The history of development of national economic planning in the USSR attests to the fact that the concept of the national economic plan has received new content with the growth of our economy's scale and now orients production more toward the satisfaction of needs. Thus, the transition from the gross output indicator to the commodity output indicator and later to the sold output

indicator was in some measure instrumental in eliminating incomplete production and in reducing inventories of unsaleable finished goods in warehouses, which must be in the customer's interest

However, many years of use of the sold output indicator led to the "erosion" of the inexpensive mix, to the covert attempt of enterprises to make their products more material-intensive, to so-called profitable and unprofitable products, which creates artificial shortages.

The transformation of the Soviet economy into a unified national economic complex urgently required the search for new indicators (normative net output, conditional net output) which did not lead to the desired results since each of them only partly resolved the problem of avoiding the use of costly raw materials, supplies and components.

Theoretical and practical research shows that the basic plan indicator must be sought not in the labor-intensiveness of the product expressed in monetary form but in its social use value. Our difficulty in finding the basic indicator of enterprises' performance stems either from the underevaluation of economic theory or from the inept use of its conclusions. But this difficulty does exist. The reference is to the conclusions of the theory of socialist, directly social production. The new version of the draft Program of the CPSU states that the directly social character of labor and production will be entirely affirmed in the highest phase of the communist formation.

This definition is entirely sufficient to gain a clear understanding of the improvement of planning, in particular, of the interpretation of the essence of the national economic plan.

From the foregoing, it follows that modern socialist production is directly social production even though its formation is not complete. The goal of the activity of any economic link and its basic indicator are determined by a concrete list of products, by the product mix and not by a certain abstract monetary mass.

However, we have still not rid ourselves of the illusion that we can resolve the problem of the essence of the national economic plan by trying one more value indicator and by relegating the product mix to a secondary place. These attempts are based on the "theory" of so-called socialist commodity production as a derivative of various models of "market socialism."

Therefore, if we proceed from the theoretical position of socialist, directly social production, the improvement of planning lies in the transition to the understanding of the essence of the plan in its direct physical expression.

We must obviously understand that any attempt to revive the value essence of the plan leads to the loss of the producer's responsibility to the customer. The decisive path to dramatically raising the role of the customer and the responsibility of the producer lies in a concrete plan (based on consideration of the product) approved by a state planning agency, be it USSR Gosplan or any other agency all the way down to the rayon planning commission if the product mix at the local level is the point at issue. It is this product mix

concretized in economic contracts that comprises the basis of state plan discipline. M. S. Gorbachev noted at the April (1985) Plenum of the CPSU Central Committee that the timely, high-quality delivery of raw materials, fuel, components, railroad cars, etc. is an important aspect of the question of responsibility and discipline. And here too there is someone who must be answered and someone upon whom demands must be made. A certain amount of progress has been made in strengthening contract discipline in the national economy. We must reinforce it by insisting on the fulfillment of contractual obligations without any allowances whatsoever for objective conditions.

As is known, the progress M. S. Gorbachev is talking about is the result of the large-scale experiment in which the mix of goods delivered is essentially incorporated in the national economic plan, after being combined in a certain way with the sales indicator. Such inclusion of the delivery mix (approved from above) in the plan is unquestionably one of the essential conditions of the large-scale experiment that reflected the attainments of our economic theory and practice. Through this step alone, we have significantly oriented the producer to the customer and enriched the concept of the supplier's responsibility. Responsibility becomes concrete.

And it is entirely obvious that we must go further in this direction, recognizing the delivery mix as the essence of the national economic plan and using it as the basis for the entire system of incentives and responsibility. Only in such a case can it be considered with full justification that our principal advantage--centralized management of the economy for the acceleration of the nation's economic and social development--has been used effectively.

The orientation of the plan toward the product mix is the beginning of the basic restructuring of the entire system of national economic planning. First, it is specifically on this road that we must strengthen both principles of democratic centralism in the management of the economy: the determination of the goals of activity and the development of ways and means of attaining them. In the first instance, the centralized principle in management is strengthened; in the second, maximum potential is opened up for the development of the independence and initiative of work collectives. Any attempt to transfer the approval of the mix by the producer himself may lead to spontaneity in the economy.

Second, the product mix plan must be made the basis for the entire planning process. Probably no one but a Gosplan worker can understand the difficulty of solving this problem. The paramount task is to compile production and distribution plans in physical terms before the beginning of the plan period.

Third, within the framework of the existing planning agencies, we must establish a system for managing the product mix on the scale of the entire country. And this requires dividing the nation's entire mix into rayon, oblast, republic, branch and all-union according to the degree of its social usefulness.

Fourth, we must develop a system of physical indicators and measurers of intensive economic growth. Today, most of them express extensive growth and hence seriously impede the conversion of the economy to an intensive footing.

These points do not in any way detract from the role and importance of the plan's value indicators. Their place in the system of plan indicators is determined by the directly social character of labor and production. This process is still not complete and therefore commodity ties and relations must be used to the fullest in management practice.

My appearance is occasioned by the fact that the draft of the new Party Program and the draft of the Basic Directions in my opinion do not say enough about product deliveries [postavki produktsii]. The delivery question should evidently be addressed in a separate paragraph and it should be emphasized that the sequential transition to the delivery plan based on the product mix [plan postavok v nomenklature] is one of the principal directions of improving economic management/.

[L. A. BUSYATSKAYA] (chief, Economic Planning Administration, Ministry of Heavy and Transport Machine Building). The acceleration of socioeconomic development and the all-round intensification and enhancement of the effectiveness of production on the basis of scientific-technical progress--a task that has been posed by the party--necessitate the relatively more rapid development of machine building. The development of heavy and transport machine building should be accelerated accordingly. The national economy's requirement for blast furnace, steel-smelting, coking, sintering, and concentration equipment; for continuous steel casting plants, excavators, drilling rigs, mine hoisting equipment, and mainline and shunting locomotives will be entirely satisfied by the year 1990. While there will be more rail cars (freight, mainline, subway), more shipping containers, more hoist-transport and conveyer equipment, more track equipment, and more diesel engines and generators, the need for such equipment will not be entirely satisfied under the 12th Five-Year Plan.

The draft of the Basic Directions formulate specific avenues for addressing the problems presented in the Party Program and in particular directions of improvement of management during this period. It indicates the need for the more centralized management of the national economy.

While the function of centralized management is also performed by branch ministries, they are presently playing a lesser role because branch requirements for items in the products list [nomenklatura] of the USSR Council of Ministers and USSR Gosplan are for the most part formulated on the basis of requisitions submitted to USSR Gosplan by customers; requirements for the items in the products list of ministries are based on requisitions submitted to USSR Gosstab [State Committee for Material and Technical Supply]; they also for the most part determine the work load for branch enterprises. Ministries work directly with customers on scarce items and are not always able to satisfy the need because they are not responsible for this entire problem as a whole.

In order to make it really possible for customers to influence the technical level and quality of the product, we believe that the function of determining the requirement for a branch's output should be concentrated in branch ministries, that the appropriate structural subdivisions that are presently

performing these functions should be transferred to the branch ministries, and that the fourth paragraph of Section XIV of the Basic Directions should include the following: "/To raise the level of the work of branch agencies of management and their responsibility for satisfying the needs of the national economy for branch output by concentrating this work in branch ministries/."

The question of raising the role of the basic production link is correctly posed because it is here that material assets--the source for satisfying the needs of the national economy and the population--are created. The large-scale economic experiment is designed to increase the economic independence of associations and to give them more rights.

Enterprises belonging to Ministry of Heavy and Transport Machine Building are now in their year of operation under the conditions of the experiment. In the course of the experiment, they have developed principles for improving management in associations and at enterprises. Among the positive results, we should note the increase in the production growth rate and labor productivity, the considerable improvement in contractual deliveries, the development of the initiative of enterprises in improving their own production, the more active search for reserves and avenues of economic management.

At the same time, the experience of operating under the new conditions has shown that associations and enterprises do not have sufficient rights, particularly in the area of management. Therefore, [I] propose that paragraph 10 of Section XIV include the following: "/To significantly increase the economic independence of associations and enterprises, their possibilities with respect to technical retooling and the improvement of production, and their rights in planning and management within the association (enterprise)/."

[V. M. IVANCHENKO] (professor, doctor of economic sciences; deputy director, Institute of Economics of the USSR Academy of Sciences). Section XIV of the draft of the Basic Directions is devoted to the further improvement of management of the national economy. This section poses tasks of the integrated development of the system of management which must secure the organic unity and effective interaction of planning, economic levers and incentives and the organizational management structures. However, it seems more logical to follow the description of the basic principles for improving management with the enumeration of the tasks entailed in raising the scientific level of planning since planning is a basic, essential link in the system of management. The reference is to the planned system of management, to the planning mechanism of management which, with the further improvement of management, will ensure the more comprehensive use of the advantages and possibilities of the socialist planned economy as provided in the draft of the new Program of the CPSU. Accordingly, we believe that the section "Improvement of Management of the National Economy" in the draft of the Basic Directions should include the subsection "/Improvement of the Socialist Planned Economic System"/. This proposal is based on the fact that questions pertaining to the structural improvement of planning must precede raising the role of the basic production link. It is obvious that planning must be the starting point for restructuring the system of planned management which is called upon to implement the party's economic policy through a system of plans, programs and norms; to determine proportions and structure; to secure

proportionality; and to create the necessary conditions for strengthening all elements of the economic mechanism directed toward the acceleration of the socioeconomic development of society. The content of the structural subdivision "To Raise the Scientific Level of Planning" is broader than its name. It deals with material-technical supply, wholesale trade's economic ties, etc. Therefore, we feel that it should be revised to read: "/To Raise the Scientific Level of Planning and the Organization of the Drafting and Fulfillment of Plans"/.

It would seem that the tasks of satisfying society's needs and of securing the complete fulfillment be articulated in the draft of the Basic Directions and in the draft of the Party Program. The system of planning and development of economic ties and contractual relationships at all levels of branch and interbranch program and territorial management and the development of wholesale trade must secure the complete and timely satisfaction of the needs of society and specific customers for all types of resources at the lowest possible cost. This must become the law of socialist management, the basic criterion for evaluating performance and the criterion for material and moral incentives for labor collectives.

In our view, there is also a need to define more precisely questions relating to the development of specialization and the standardization of production technology. These questions must be examined not only in the section that addresses the improvement of management, but also in sections devoted to the acceleration of scientific-technical progress and the development of science and branch complexes. Section III contains provisions relating to the general inventorying of productive fixed capital. But the goals and tasks of the inventory process should be spelled out. It is not merely a routine census and revaluation of capital. Inventory-taking is necessary from the standpoint of the evaluation of the technical level, specialization and effectiveness of the utilization of the production potential.

The results of the inventory must become the basis for decision-making on the technical improvement of production, on raising the technical and economic level of production, on changing specialization and the organizational structure of production, the scientific organization of production, labor and management. Accordingly, the provision "To take general inventory of productive fixed capital" should be supplemented with the words: "/With the simultaneous certification of its technical level, its correspondence to the production profile, its specialization and with the determination of the degree of utilization/."

[V. P. LOGINOV] (professor, doctor of economic sciences; department chief, Institute of Economics of the USSR). When we study the draft of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000, we first of all notice the vast scale of the tasks the economy will have to resolve before the end of the century: to double the nation's production potential in 15 years; to raise the productivity of social labor 2.3-2.5-fold and to take a decisive stride toward raising this indicator to the highest level in the world; to reduce the share of manual labor to 15-20 percent and to between one-third and one-half of the current level in some branches of the national economy; to convert social production to the

predominantly intensive path of development and on this basis to raise the well-being of all strata and social groups in the population; and to bring about far-reaching changes in the labor sphere and in working conditions.

The implementation of the aggregate of the conditions that promote the accelerated socioeconomic development of the nation will require the mobilization of reserves, economy and a high degree of organization of production and labor. However, we are still not aware of the need for the dramatic restructuring of the style and methods of work, we do not fully appreciate the magnitude of the task, and above all, we still do not realize the new qualitative state and the new frontiers our economy is entering. For example, if the task is to double the national income in the course of three five-year plans, but the growth rate in the first of them is set at only 1.19-1.22-fold for entirely understandable reasons, with an average annual rate of 3.7-4 percent, under the second and third five-year plans (for 1991-2000), it will be necessary to raise the average annual economic growth rates to 5.0-5.3 percent. This means that under the 12th Five-Year Plan, it will be necessary to create a certain reserve for accelerating future development, a kind of "springboard" in order to make an economic "spurt" in the last decade of the twentieth century.

The indicators specified in the draft of the Basic Directions can be attained only if there is a genuine turnaround in the technology of production in the national economy under the 12th Five-Year Plan from the standpoint of resource-saving. To phrase it in more tangible terms, by the end of the 12th Five-Year Plan, Soviet machine building must be mass producing new power units, including internal combustion engines with low fuel consumption per unit of capacity; the chemical industry must organize the production of new types of superstrength plastics, ceramics, and other artificial and synthetic metal substitutes in both traditional and new areas. These processes must be accompanied by the radical reconstruction of ferrous metallurgy. The share of open-hearth refining is still large, the technical level of rolled metal production is low, and the range of roll-formed sections is limited. There is also a need for the reconstruction of the nation's entire energy industry must undergo reconstruction together with a sharp increase in atomic energy, the replacement of old, uneconomical power units, and the technical retooling of the oil refining industry with the aim of achieving the deeper refining of the raw material it uses and of increasing the production of motor fuels and lubricants; for substantial structural change in the nation's automotive fleet, including a higher share of vehicles with engines that use diesel fuel, etc.

Based on the projected technical reconstruction of the national economy under the 12th Five-Year Plan, in particular, the sharp reduction of production equipment renovation time (in machine building, up to 10-12 percent annually; during the five-year period, more than one-third of the active part of capital must be renovated), the roughly 1.5-2-fold expanded application of progressive baseline technologies; the roughly twofold rise of the level of automation over the five-year period, etc., it appears that the scheduled growth of machine building (by 40-45 percent) in the draft of the Basic Directions for that period is insufficient. The following circumstances are the basis for this conclusion. The growth of machine building was also set at 40 percent

under the 11th Five-Year Plan which had lower NTP [scientific-technical progress] acceleration targets. In the new five-year plan compared with its predecessor, there will be a substantial increase in the overall volume of capital investments coupled with their dramatic reorientation toward the reconstruction and modernization of production (up to 50 percent of the capital investments in the construction of productive facilities in 1986-1990 will be used for the reconstruction and technical retooling of existing enterprises). Such large-scale replacement of the active part of capital requires much more machine building output than new capital construction.

What is more, the rise of the general technical level of machine building output and the assimilation of basically new machinery and technology en masse will inevitably be reflected in higher equipment costs. Taking this factor into account, physical output will increase to a lesser degree than projected. Hence, machine building must grow at a faster rate throughout the entire forecast period, especially during the 12th Five-Year Plan, when the scientific-technical reserve [zadel] will be established. This may require the further redistribution of capital investments.

In our view, a number of other proportions and interbranch correlations also require additional consideration. Thus, the 12th Five-Year Plan calls for the large-scale introduction of resource-saving machinery and technology in the national economy. This must be reflected in the relatively more rapid growth of the manufacturing branches. The new five-year plan envisages a roughly 2:1 ratio of the growth rates of the manufacturing and extractive branches (the growth rate of the former is projected as 25-58 percent; the latter as 11-13 percent). Such a ratio (an even slightly higher ratio) has already been attained in modern technology for processing raw materials and for using fuel. In 1981-1984, the output of the extractive industry increased by 6 percent; the manufacturing industry--by 16 percent.

There has been substantial change in the approach to the conservation of all types of resources. It should be considered that the "saving" of metal and fuel during 4 years of the present five-year plan was in large measure the result of the considerable underfulfillment of the plan for the production of finished rolled metal and the underactivation of capacities in branches of the fuel-energy complex. But it must be noted that the country has already made substantial strides in the development of energy-saving directions of scientific-technical progress. Progressive and economical power units have been developed and are being assimilated, the share of atomic energy is increasing, the motor fleet is being dieselized, the fuel-energy balance is being restructured (the accelerated introduction of natural gas in production and in the home), etc.

The replacement of metal by other materials, however, is proceeding at a slower pace than we would like for many reasons. The most important of them is the existing metalworking technology in machine building, the use of metals in as structural supports in construction etc., which cannot be restructured in a short period of time.

The economic program advanced by the party makes very high demands on all working people in our country and imposes a large measure of responsibility on

each of us. Only selfless, efficient labor, high labor discipline, a creative attitude toward work, initiative and search, and bold innovation in every workplace will make it possible to attain these goals.

[A. M. YEREMIN] (doctor of economic sciences affiliated with the Institute of Economics of the USSR Academy of Sciences). Section XIV of the draft of the Basic Directions is very important because its purpose is to determine the means that are to be used to reach the indicated goals. In particular, we believe that emphasis is correctly placed on raising responsibility at all levels of management. Nevertheless, some provisions must evidently be defined more precisely. For example, the subdivisions "To Raise the Scientific Level of Planning" and "To Raise the Role of the Basic Production Link" must be relocated, bearing in mind the fact that planning is the basic lever in the management of the socialist economy.

The quality of functioning of enterprises is negatively affected (in addition to external circumstances, for example, delivery shortfalls), above all, by shortcomings in the organization of internal economic planning (which is called upon to ensure rhythmic operation and natural proportionality), norming, development of progressive knowhow, etc. In this sense, it would be appropriate to change the heading of the subsection "To Raise the Role of the Basic Production Link" to "Improve Management in the Primary Production Link"/.

The text of this subsection repeats the same thing twice: to give associations and enterprises significantly more independence in the technical retooling of production and to give work collectives more independence in using the resources at their disposal for the development of production. The resolution of the problem of accelerating scientific-technical progress will require eliminating the practice of scattering resources and the concentration of resources on the most important directions of technical progress (which is discussed in Section IV), i. e., the strengthening of state regulation of resource allocation for the indicated goals. Even the production of a new combine, for example, requires the coordinated retooling of tens of enterprises in various branches. The production development fund must ensure the current and partial improvement of machinery and equipment, the improvement of working conditions, etc. This provision is contained in the decree of the CPSU Central Committee and the USSR Council of Ministers "On the Broad Dissemination of New Methods of Management and Strengthening Their Impact on the Acceleration of Scientific-Technical Progress" which assigns the question of technical retooling at an estimated cost of 2.5-4 million rubles or more to the competence of ministries. The principle of demarcation of competence from the viewpoint of current and comprehensive retooling can hardly be abolished without detriment to unified branch technical policy. It is therefore proposed that the above-cited provisions be replaced by a single provision: /on the necessity of the precise observance of responsibility and prerogatives in primary links in the realization of tasks relating to technical progress/.

The text of the draft also contains a provision on the coordination of development funds with enterprise performance. It is hardly possible to agree unequivocally with this provision. After all, it is specifically the

enterprise with lower indicators that may need retooling more urgently on the basis of the national economy's interests and vice versa. It is more important to consider the need of the national economy and the need of allied enterprises than the result of the current work of the given link.

Finally, the provision regarding the top-priority supply of material-technical resources for improvement from development funds must be redefined: according to their importance, facilities undergoing reconstruction and new facilities should be included in supply plans.

[L. ROZENOVA] (department chief, USSR State Committee for Prices). The draft of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 assigns an important place to the acceleration of scientific-technical progress as the basis of intensification of production. Higher demands on qualitative results and advancement of the task of increasing the effectiveness of social production to the forefront require the rational use of all economic levers and stimuli.

In recent time, price has come to play a significantly more important part in the economic stimulation of scientific-technical progress. The problem of pricing new machinery attracts the attention of scientists and nonscientists alike. Lenin's words that "socialism is inconceivable without...engineering based on the latest discoveries of modern science" (Footnote 1) (V.I. Lenin, "Polnoye sobraniye sochineniy" [Complete Collected Works], Vol 36 p 300) are still true today.

The improvement of pricing methodology and practice in the area of new technology depends on the more complete consideration of consumer properties, quality, economic effectiveness, and socially necessary expenditures on the production of new products. Accordingly, in our opinion the formulation of the improvement of pricing in the draft of the Basic Directions should be redefined, specifically: /more completely reflect quality indicators and the economic effectiveness of products and the level of socially necessary expenditures/.

The existing methods provide that if the consumer properties of newly created machinery satisfy the customer's demands, price will give the manufacturer economically advantageous conditions for its production. Wholesale prices on new machinery are established with due regard to the compensation of normative expenditures on its manufacture in the first year of series production and a profitability no lower than that indicated in the enterprise plan in general. In addition, incentive markups are established for effectiveness and quality.

On 5 November 1985, the USSR State Committee for Prices approved a supplement to the Methods for Determining Wholesale Prices on New Machinery, Equipment and Instruments. It contains measures that primarily provide rewards for the production of new generations of machinery. Incentive markups depend on the effectiveness of the machinery and may comprise up to 30 percent of the wholesale price; for other products, including modernized machines and equipment--up to 15 percent.

The decree of the CPSU Central Committee and the USSR Council of Ministers "On Measures to Accelerate Scientific-Technical Progress in the National Economy" make higher demands on new machinery, the level of which must correspond to the national economy's future demands. The technico-economic parameters of new products should surpass the world level so that they would for the greatest possible time correspond to the highest quality category and ensure not only the recoupment of expenditures on their development and production but would also provide additional benefits from their use. As the CPSU Central Committee conference on the acceleration of scientific-technical progress emphasized, the need today is not for the modernization of production in general, but only for such modernization of production as is accompanied by the introduction of the most progressive technology that produces the highest economic and social effect.

As is known, on 1 January 1986, a new procedure will be adopted for using wholesale price discounts on producer goods for the purpose of increasing the economic influence on the modernization of production. The price of products certified in the first quality category must be discounted 5 percent in the first year, 10 percent in the second and 15 percent in the third. If as a result of the second certification, a product is not assigned to the highest quality category, it must be taken out of production. With the permission of USSR Gosplan and USSR Gossnab, their production may be continued up to 2 years in which case they are discounted 30 percent.

In order to encourage new technology development and product renovation, up to 70 percent of the incentive markups to the economic incentive funds of developers of new technology (scientific research institutes, design offices and manufacturing enterprises). Up to 70 percent of the discount must be compensated from the enterprise material incentive fund with due regard to its reduction, but not more than by 20 percent of the planned amount. Thus, it is expedient to continue the practical application of pricing principles in the direction of creating favorable economic conditions for the production and application of new generations of highly effective machinery corresponding to the highest quality category and the imposition of stiffer economic sanctions on obsolete machinery scheduled to be taken out of production.

[L. I. VERIN] (chief specialist, USSR Gossnab). The Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 (Section XIV) pose the task of expanding the customer's possibility of influencing the technical level and quality of products and of developing long-term economic ties and wholesale trade. Its realization is determined by the improvement of existing contractual relationships pertaining to deliveries of products, to the guaranteed comprehensive supply of customers, and by the application of new, more progressive forms of economic ties.

Regarding S. G. Rodin's statements here regarding the significance of deliveries of products as a basic indicator of the production plan and the evaluation of enterprise performance, I would like to note that this indicator operates within the framework of the large-scale experiment and has produced positive results. The extension of the terms of the experiment to all branches of industry will help to improve planning in this direction.

The influence of the customer on the improvement of the quality of delivered products is most completely realized through the conclusion of long-term contracts (for the five-year plan) for based on direct long-term economic relations and on the organization of the customers' material-technical supply.

Under the 11th Five-Year Plan, more than 9000 supplier enterprises and 11,300 customer enterprises were converted to direct long-term economic ties. Customers are supplied with products under no fewer contracts for the organization of material-technical supply.

Lists of products to be produced and delivered--approved for production associations with due regard to their specialization--should also help to expand the product mix and improve product quality. Unfortunately, some ministries and departments have drawn out the preparation and approval of such lists even though the need for this work was indicated in the decree of the CPSU Central Committee and the USSR Council of Ministers on improving the economic mechanism (1979).

The timely and complete delivery of products to customers requires that the existing structure of contractual relations be supplemented in individual cases. Decrees adopted by the CPSU Central Committee and the USSR Council of Ministers "On Improving the Planning of the Organization and Management of Capital Construction" (1984) and "On the Further Development of Industrialization and Increasing Labor Productivity in Capital Construction" provide for the conclusion of contracts between territorial supply organs and construction-installation organizations on the basis of plans. In turn, there was a need to resolve questions associated with the allocation of capital for material resources, with matching customers to suppliers, with the securing of the fulfillment of contracts with due regard to the schedule for performing construction and installation work, and with rendering services to customers in the preparation of materials for use in production. These questions were reflected in the decree of USSR Gosplan "On the Procedure for Under Which Territorial Agencies Belonging to USSR Gosplan Supply Construction and Installation Organizations With Materials Based on the Orders of These Organizations" (1985).

At the same time, measures are being taken to raise the responsibility of supply agencies for the fulfillment of delivery contracts. In particular, USSR Gosplan in agreement with USSR Gosstat and other agencies drafted proposals on incorporating the corresponding addenda and amendments in the Statute on Deliveries of Producer Goods.

Starting in 1986, territorial supply agencies failing to deliver the full volume of materials and products specified in requisitions on schedule must pay a penalty of five percent of their total value. The penalty paid by territorial supply agencies to a specific construction organization must not exceed 20 percent of the planned profit.

The organization of the supply of customers that did not conclude long-term contracts--defining the necessary terms of delivery--on the basis of orders that are submitted to agencies belonging to USSR Gosplan will be improved

under the 12th Five-Year Plan. Such a progressive form of deliveries as the release of products at the demand of the customers, which guarantees that customers will receive the products they need in the shortest time (10-15 days), will also be developed.

The draft of the Basic Directions emphasizes the need for the substantial strengthening of the role of economic levers in increasing the effectiveness of production and implementing an economy program in the modernization of fixed capital, in speeding up the turnover of working capital, in lowering production cost, and in increasing the profitability of production. The application of economic levers and stimuli have had a positive impact on the fulfillment of the obligation to deliver products in accordance with contracts.

Since the use of legal methods is for the most part expressed in the form of economic sanctions against violators of plan contract discipline, in our view the Basic Directions should indicate the importance of strengthening not only the role of economic levers, but the role of legal means as well.

The implementation of the Basic Directions will also unquestionably entail the legal regulation of a number of questions, for example, the raising of the economic responsibility of associations and enterprises for their performance and the fulfillment of delivery obligations. It seems rational not to increase the number of normative acts in this area but to improve the existing acts through appropriate amendments and supplements.

[L. M. MEYEROVICH] (candidate of economic sciences; deputy chief, Economic Planning Administration, Ministry of Machine Building for Light and Food Industry and Household Appliances). Our branch has the responsibility for the technical retooling of branches of industry that produce goods for the people (light, textile, knitwear, footwear, food, meat-dairy, flourmilling-groat, trade, printing, etc.--in all 75 branches and types of production). Without progressive equipment, our clients cannot quickly adapt to the ever increasing demand of their customers and reorganize their production. In order to meet this target, under the 12th Five-Year Plan the Ministry of Machine Building for Light and Food Industry and Household Appliances will have to dramatically renovate its product mix and increase the share of output in the highest quality category.

Under the 11th Five-Year Plan, the mix of production equipment (machines, automatic mechanisms, integrated production lines) produced by our associations and enterprises numbered approximately 5500 items. Approximately 250 new items are produced, about 500 items are modernized, and roughly 300 obsolete items are taken out of production every year. Product renovation is scheduled to be accelerated 2.5-3-fold under the 12th Five-Year Plan. By the year 1990, 50 percent of the production equipment in the branch's product mix will have been in production less than 3 years. The share of output in the highest quality category will double. In other words, branch enterprises will have to update their entire product mix in the space of 5 years.

The ministry is the head ministry for the production of refrigerators, washing machines, vacuum cleaners, coffee mills, electric shavers, and other

sophisticated electrical appliances. The volume of production of these products will increase 1.5-fold between 1986 and 1990.

The coordination of the new technology plan with the production plan is important for the acceleration of socioeconomic development. The first step has been made in this direction. In the plans for 1986-1990, the production of new models will be included in the volume of production equipment, commodity and marketable output. Thus does not fully resolve the coordination problem. What the national economy needs is not prototypes, but rather a general increase in the production and utilization of progressive equipment, a speedup in the replacement of obsolete equipment and as a result, an increase in the effectiveness of material production.

The production of new machinery (during the first 3 years) entails higher costs since the per unit labor-output ratio (expenditures of live labor per ruble of commodity output) is higher than for series-produced machinery. Thus, *ceteris paribus*, the larger an enterprise's share of new products, the more difficulty it has attaining high output growth rates. But these rates determine the size of the wage fund and the material incentive fund, standings in the socialist competition, etc. Consequently, we must provide economic incentive or at least make it equally profitable to produce new as well as older and obsolete products.

The Ministry of Machine Building for Light and Food Industry and Household Appliances has accordingly proposed a plan for changing the planning of the volume of production and for evaluating plan fulfillment with due regard to the increase in the production of new machinery. According to this plan, if the share and consequently the volume of new machinery produced by an enterprise increase in the plan period (or in comparison with the plan), the volume of its output is adjusted (decreased) according to the appropriate model.

In conclusion, I would like to mention yet another problem--the planning of the work and evaluation of plan fulfillment by experimental plants whose collectives take a direct part in the formulation of new engineering decisions and in the birth of new designs. Their activity is presently planned and materially rewarded in the same way as production enterprises. This is wrong because there are no constant wholesale prices on experimental lots. They are treated as one-time orders. There is a ceiling on their profitability, as a rule 10-20 percent, but no more than for the basic product and this makes it impossible to strive for higher profitability or to lower production cost. Consequently, these enterprises need planning methods and economic incentives that would take them out of the category of production enterprises and would make it possible to promote the development of new machinery in every way.

The Basic Directions are unquestionably a vast program for the development of the nation's economy. The implementation of this program requires radical change in the work style of all levels of industrial management from the shop to the ministry. Much will be accomplished already in 1986 with the transition to the new methods of management.

[I. A. BAKALEYNIK] (candidate of economic sciences; deputy general director, "Vladimir Tractor Plant im. A. A. Zhdanov" Production Association). The draft of the Basic Directions poses the task of securing the integral unity of the rights and obligations of associations and enterprises. The Basic Directions call for expanding their economic independence and raising their economic responsibility for the fulfillment of their delivery obligations and for the rational utilization of all types of resources. Work is in progress on developing variants of an economic mechanism capable of securing a strict dependence between the volume of resources received by associations and enterprises for the development of production, wages and the resolution of social issues and their performance. The plant's collective is also participating in this kind of development that results in the formulation of proposals. I will allow myself to dwell on certain of them. Thus, it appears advisable to exclude the output volume and sales in value terms from the indicators that are approved by a higher-level organization. The production of items in the basic product mix in physical terms should be approved only in the five-year plan; their delivery should be approved in one-year plans. The association elaborates and approves a number of other indicators in the current production plan that stem from norms.

The association is to be supplied with the material-technical, labor and financial resources and with the production capacities it needs to fulfill its delivery plans on the basis of approved norms. The association's manpower ceiling is set by appropriate agencies of local Soviet of People's Deputies. The material-technical supply of production in excess of the plan target is carried out in accordance with the association's contracts with suppliers or territorial supply agencies on the basis of direct long-term economic ties.

The association concludes contracts for the delivery of its products and bears material responsibility to its customers for their fulfillment. Under the existing procedure, shortfalls in deliveries are evaluated on the basis of the sales volume calculated in the association's annual plan on the basis of concluded contracts and accepted supply orders.

In our view, the implementation of these proposals will be instrumental in overcoming such negative tendencies as the attempt to secure the fulfillment of plan volume indicators in value terms at the expense of higher prices and the economically unsubstantiated development of cooperative ties. An example of the latter is our association's delivery of starting engines to the Lipetsk Tractor Plant that are manufactured at a neighboring enterprise in Lipetsk.

The draft of the Guidelines point to the need to increase the responsibility of ministries for the fulfillment of their functions. This important provision should be supplemented by the principle of raising the personal material and moral liability of personnel of higher echelon organizations for the economic damage inflicted on associations and enterprises as a result of ill-conceived, unsubstantiated and unlawful decisions or red tape.

From our point of view, it is not feasible to divide the labor remuneration fund [fond oplyaty truda] into the wage fund [fond zarabotnoy platy] and the material incentive fund. The formation of a single fund will make it possible

to use all income distributed on the basis of labor to stimulate the production activity of the association's collective. This will also dispel the notion that bonuses are the reward for effective, quality work and that wages are paid irrespective of performance. This would eliminate the artificial division of labor remuneration into sums that are and are not included in production cost. The efficacy of material rewards to members of the work collective would be enhanced.

The formation of a single labor remuneration and bonus fund as the difference between income and expenditures (including payments and contributions specified in the plan and deductions for the development of production and for the resolution of social issues) would make the size of the association's payroll directly dependent on its performance.

Under the proposed conditions, any saving on costs either in production or in nonproductive activity would be accompanied by a proportional increase in the labor remuneration fund and cost accounting funds as well as in payments to the budget and higher-echelon organizations. Overruns would primarily affect the size of the labor remuneration fund. Such a variant is fundamentally different from the existing procedure for forming the wage fund and the material incentive fund. Thus, at the present time, an association economizing 2.1 million rubles (1 percent of the planned production cost) can contribute an additional 130,000 rubles to the material incentive fund thereby increasing the overall labor remuneration fund by less than 0.5 percent. A reduction or increase in nonproductive expenditures and other costs that are compensated from profit are practically not reflected in the size of payroll funds.

In accordance with the draft of the Basic Directions, a certain share of the profits will be paid to local budget revenues. This measure will motivate local agencies to make rational use of labor resources, to reduce the degree to which people are irrationally diverted to temporary public improvement projects, to perform work at vegetable bases, to offer "patronage" assistance to the countryside and to builders, etc.

The document under discussion devotes much attention to the need to simplify and reduce the cost of management and to eliminate superfluous links. While the formulation of this question does not generate doubt, certain points should be defined more precisely.

Under modern conditions, the view of enterprise management as a category of personnel that are not directly involved in production is out of date. The establishment of ceilings on the size of management and the cost of its maintenance in production associations and at enterprises has negative consequences. The annual reduction of ceilings weakens management services that are vitally important for rational operation. This has particular application to security, economic service, ASU [computerized management] personnel, and certain others. The ill-conceived reduction of managerial personnel has a negative impact on product integrity, on the introduction of cost accounting and collective forms of labor organization, and on the application of modern management technology. The time has come to give managers in the main production link the right to decide for themselves the

number of workers they need in specific occupations to ensure the high-quality, effective solution of management questions.

[V. G. PLONSKIY] (director, Lobnenskiy Electrical Equipment Plant). The enterprise specializes in the manufacture of low-powered electric motors for general industrial use. As we know, the Basic Directions accentuate the acceleration of scientific-technical progress. We have become convinced of the correctness of this formulation through our own experience. Solely as a result of the introduction of new machinery and progressive technology in production, in the last two five-year plans we have realized our entire increase in output without increasing the size of the work force. Output volume during this period doubled and the share of output bearing the Quality Emblem was 90 percent. In the next five-year plan, the plant will be entirely converted to the production of new products: AI series electric motors. Their design, which was developed on a cooperative basis by CEMA countries, meets the demands of world standards. The organization of labor is being improved. Presently, 78 percent of the enterprise's workers are involved in the brigade form of labor organization.

One remark suggests itself: the role of conserving material resources is emphasized in the draft of the basic directions. However, measures for conserving labor resources are not defined with sufficient clarity. Facts encountered at the enterprise in the last 10 years indicate that up to 10 percent of the work force is diverted to work not associated with productive activity every year. For the most part, this work takes the form of assistance to kolkhoses, sovkholes and builders, including priority Komsomol construction projects at the initiative of the Komsomol gorkom and other work at the behest of local organs.

Obviously, agriculture has a definite need for patronly aid [shefskaya pomoshch] at certain times. But human resources must be diverted within sensible limits and must be rationally used. But the situation is otherwise in practice. For example, the sovkhoz that is the beneficiary of our patronage increases its demand for manpower every year. Payment for work performed is refused under various pretexts. Local social and Soviet organs frequently follow agriculture's dictates. The leaders of some sovkholes block mechanization because it is more profitable to use the labor of workers drawn from enterprises thereby lowering production costs.

Requisitions for manpower are frequently submitted without regard to the enterprises' situation. And we are discussing a state enterprise. And what is particularly inadmissible, the labor of workers diverted from production is not used efficiently. Such a state of affairs contradicts the interests of all society.

I therefore propose that Section III of the draft of the Basic Directions include the following addendum: "To eliminate the unsubstantiated diversion of manpower from enterprises to jobs not associated with productive activity."

[E. P. GORBUNOV] (doctor of economic sciences, Institute of Economics of the USSR Academy of Sciences). A general inventory of productive fixed capital is

one of the measures of the draft of the Basic Directions. However, it appears that this measure by itself is not enough.

The time has now come for an immediate one-time inventory in capital construction throughout the nation as a whole and for an individual inventory in each branch ministry and department. The use of the resources liberated as a result for the construction of highly effective enterprises with due regard to possible variants of the technical retooling of existing enterprises will unquestionably promote their more effective use. This will create guaranteed prerequisites for balancing accumulation funds with capital investment programs, for balancing the plan for construction-installation work and capacities of construction-installation organizations with resources of construction materials and equipment, and for the creation of proportions between productive and nonproductive accumulation that anticipates all preparatory and zadelnaya work at the building site.

There is one more proposal concerning technical progress.

In order to prevent equipment that does not correspond to modern technico-economic parameters from being put into production and to prevent the construction and activation of production capacities and facilities with such equipment, there should be appropriate certification of all reserve [zadelnaya] planning, design and technological documentation so that documentation not meeting technico-economic demands would be eliminated with the loss being charged against the balance of the appropriate organizations.

At the same time, it is essential to verify the correspondence of the size of the work force to the approved ceilings and to identify manpower surpluses in specific branches and regions of the nation. The realization of these measures will promote the determination of the actual volume of material and labor resources, i. e., the production-resource part of the program for scientific-technical progress at the beginning of its fulfillment.

The Distribution of the Productive Forces

[P. Ye. SEMENOV] (deputy chief of department, USSR Gosplan). The draft of the Basic Directions traditionally assigns an important place to questions associated with the improvement of the distribution of the productive forces. In our vast country, an increase in the effectiveness of social production, especially in line with the policy of the intensification of social production, depends in large measure on improvements in the territorial structure of the national economy.

The document under discussion stresses the need for further progressive change in the distribution of the productive forces that will reflect to the fullest territorial distinctions in economic, social and natural conditions. Such change must be manifested in more effective regional specialization; in raising the economically justified level of integration of the development of union republics and regions; in bringing energy-intensive production closer to the fuel-energy bases of Siberia and Northern Kazakhstan; in the more complete utilization of the labor resources of Central Asia, Southern Kazakhstan and the Transcaucasus; and in the economic development of the European part of the

country primarily on the basis of the technical retooling and reconstruction of existing enterprises and the reduction of the work force in the material production sphere. An important part in the realization of these tasks is assigned to the further improvement of forms of territorial organization of the productive forces: the development of territorial production complexes and industrial centers; the stimulation of the development of small and medium-size towns and workers' settlements by establishing small, specialized enterprises as well as affiliates and shops of existing enterprises in these towns and settlements; and the restriction of the growth of large cities.

It should be emphasized that the draft of the Basic Directions focuses special attention on the timely establishment of conditions and prerequisites for effecting progressive territorial changes in social production. In our view, they should be made the basis for drafting specific 12th Five-Year Plan targets.

As is known, the task of moving (energy-intensive production in particular) eastward has been raised in the past as well. While there has been progress in this area it clearly has not been sufficient as evidenced by the fact that the flow of fuel and energy resources from east to west has increased considerably during the last three five-year plans. Naturally, the concentration of the bulk of the production potential in the European part of the country and the reduction of the share of this region in the extraction and production of energy resources are contributing to the increased intensity of this flow. But we must not fail to consider the fact that a considerable part of the energy resources coming from the east is used in energy-intensive production in the European part of the nation (where 5-10 or more tons of fuel must be expended for every ton of final output) and that energy-intensive production facilities continue to be built and expanded here. Such a direction of development is ineffective.

As is known, a considerable part of energy-intensive production is concentrated in the chemical industry. While much has been done in recent years to develop the chemical industry in the east, it is nevertheless necessary to establish a number of energy-intensive chemical production facilities in the European regions of the nation because the necessary conditions for their large-scale development have not yet been created in the east. As a result of the insufficiently developed construction base, the construction of a number of chemical industry enterprises in this region is proceeding at an extremely slow pace. The enterprises that have been built are frequently not sufficiently supplied with electric power. The underactivation of capacities (compared with the volume indicated in the plan) in this region under the 11th Five-Year Plan totaled approximately five million kilowatts. Many eastern enterprises are faced with a manpower shortage and personnel turnover is high. This is to a considerable degree due to the lag in the development of the social infrastructure.

It should be emphasized that it is to the economic advantage of the national economy to accelerate the development of numerous branches in the eastern regions since the production of fuel, electric power and energy-intensive products here is much cheaper (in some cases, several times cheaper) than in the European part of the country. However, some ministries that develop

their production facilities in the east not only do not enjoy this advantage but to the contrary sustain additional costs. For example, electric power in many regions of Siberia costs the national economy several times less than electric power in the European regions. However, the prices that enterprises located in Siberia must pay for electric power do not take this difference into account. The same is true of expenditures on raw materials, water, and other resources. The enterprise must bear the full brunt of higher wage costs (resulting from established wage coefficients).

Ministries and departments are reluctant to build their enterprises in the east because of the high cost of establishing the production and social infrastructure. This task can be resolved considerably more effectively if enterprises are grouped in industrial centers. However, there is as yet no effective economic mechanism for establishing these economic formations. The participation of ministries, departments and local agencies on a share basis in the creation of facilities to be used in common by enterprises in industrial centers is frequently not realized in practice. We should evidently think of forming a centralized fund for the development of undeveloped territories to finance the construction of such facilities; these costs should then be compensated by ministries, departments and local agencies.

The draft of the Basic Directions devotes much attention to making more effective use of labor resources in Central Asia and other regions of the nation with a manpower surplus. This will require creating a large number of new jobs. However this question must be closely scrutinized from all sides. As is known, while there are, generally speaking, too few jobs in Central Asia, there are also numerous enterprises that are faced with a manpower shortage. With regard to this problem, the creation of conditions and prerequisites for progressive territorial changes in the distribution of the productive forces entails the solution of a host of questions, in particular, the more intensive vocational training of labor resources as well as the previously indicated question of establishing a network of small enterprises, affiliates and shops that could be sited in small towns and workers' settlements. This will make it possible to avoid the further concentration of population in large cities and agglomerations, to take into account the population's reluctance to leave their familiar surroundings, and to economize on the costs associated with the construction of housing and many other cultural and service facilities that is inevitable even when the population is located in the same oblast.

However, the active development of the network of small enterprises demands that ministries and departments participate to a greater degree in creation of the necessary conditions required for this. Their planning institutes should develop standard sizes of small enterprises with due regard to specialization, cooperation and their supply with sophisticated, highly productive equipment, i. e., they should in general take a more active part in the elaboration of a purposeful policy for the development of branches with due regard to the specifics of regional development. Only then will these enterprises attain sufficiently high technico-economic indicators. And even though these indicators will as a rule be slightly lower than at other larger enterprises, the national economic effectiveness of the work of such enterprises, taking

into account economic and social benefits from the involvement of unemployed labor resources in social production, will be high.

I would like to call attention to one more question. While rational changes in the distribution of the productive forces during past five-year plans were to a considerable degree the result of new construction, today they are primarily the result of technical retooling and reconstruction of existing enterprises. Some specialists believe the growth of production at existing enterprises as a result of technical retooling and reconstruction does not make it possible to effect change in the distribution of the productive forces since this growth at existing territorial points.

In our view, this formulation is incorrect. There are alternate solutions to the establishment of new capacities on the basis of technical retooling and reconstruction from the standpoint of distribution. As we know, from the standpoint of economic effectiveness, technical retooling and reconstruction are the ratio of expenditures on the given process to results in the form of the growth of output. And if in the screening of projects, costs include expenditures not only on reconstruction and technical retooling but on delivery as well, for example, expenditures on the delivery of energy resources with the increase in the production of energy-intensive products at rebuilt enterprises, the effect of technical retooling to the national economy will lead to progressive changes in the distribution of the productive forces. This applies not only to energy-intensive but also to labor-intensive and other types of production where, in the process of determining the list of enterprises, it is also necessary to consider not only the benefits of retooling and reconstruction, but the cost of resources required for additional increases in production (for example, the cost of hiring labor power from other regions) as well.

Thus, if technical retooling and reconstruction are approached from national economic rather than branch positions, the resulting increase in output will necessarily involve improvement in the distribution of the productive forces. But from the standpoint of distribution, it is much more difficult to influence this growth than to influence the distribution of construction projects. While large construction projects are numbered in the hundreds and their distribution is thoroughly substantiated in the preplanning stage, facilities that are undergoing reconstruction based on all sources of financing number in the thousands and the feasibility of their reconstruction is not considered from a regional standpoint in the preplanning stage. Therefore, specialists dealing with this task in the preplanning and planning stage should ascertain regional benefits and losses from the projected reconstruction of enterprises.

The share in the increase in production capacities and output as a result of technical retooling and reconstruction in their overall output will steadily rise under the 12th Five-Year Plan and the more distant future. It is important to establish in good time such a preplanning and planning mechanism and such conditions that would make it possible to properly resolve questions relating to progressive change in the distribution of the nation's productive forces in the process of determining which facilities are to be retooled and rebuilt.

[N. S. ZENCHENKO] (department chief, Council for the Study of the Productive Forces under USSR Gosplan). The (draft of the new) Program of the CPSU and the draft of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 posed problems associated with deep changes that are taking place in our economy.

During the last two five-year plans, significant measures have been implemented to improve the distribution of the productive forces, including measures to secure the accelerated development of eastern regions where industrial growth rates were higher than in regions in the European part of the country. The lumber industry, chemistry, petrochemistry, electronics, machine building, ferrous and nonferrous metallurgy, machine tool construction, and the construction materials industry are developing here in addition to the extractive branches. Enterprises in these branches are as a rule concentrated in centers that have a common raw materials and energy base. Such industrial complexes are being created in the vicinity of Kansk, Achinsk and other Siberian towns. In recent time, measures have also been implemented on quite a large scale to develop machine building and light industry in Central Asia and the Kazakh SSR and the role of these regions in agricultural production has been upgraded.

Despite progress in the relocation of industry eastward, at the present time roughly three-fourths of our production and scientific potential is still in the European part of the country. This is an indication that the growth rate of much energy- and material-intensive production in the eastern regions cannot be considered sufficient. At the same time, production that is extremely energy-intensive continues to grow in the European part of the country that is faced with shortages of fuel, energy, water, and a number of other resources. As a result, the flow of fuel from east to west is growing. The insufficient growth rate of the electric power industry in Siberia and Kazakhstan has resulted in an electric power shortage which has required the transmission of electric power to these zones from European regions at the same time that fuel is shipped from eastern regions to the west. This has happened because the sequence of implementation of a large number of measures relating to the creation of energy capacities has not been observed and because regional requirements have not by any means been taken into account to the degree required by the interests of the economy.

Certain shortcomings have also been noted in the development of the fuel base. As we know, the fuel requirement is to a considerable degree satisfied through the increased production of oil and gas, while coal production in the last 15 years increased by only 16 percent. This is to a considerable degree due to the lag in the development of the Kansk-Achinsk fuel-energy complex.

Forty percent of the overall volume of productive capital investments were invested in industry under the 11th Five-Year Plan compared with 35 percent under the 10th Five-Year Plan. Nevertheless, disproportions in the structure of industry and in its distribution result in irrational shipments and in higher transport costs. There has been a particular increase in the shipping distance of ferrous metals and finished rolled metals.

Irrational siting of production magnifies territorial proportions between the creation of new jobs and the availability of manpower. Approximately 20 percent of the jobs at new industrial enterprises in regions with a manpower shortage are unfilled, while a considerable part of the able-bodied population in regions with a manpower surplus is not employed in social production.

During the last five-year plans, it was not possible to halt the concentration of production and the population in large and very large cities where 440 new production facilities (with an estimated cost in excess of 3 million rubles) were sited during the 9th and 10th five-year plans. The principal reason for this situation is that ministries and departments pay too little attention to the territorial organization of the national economy.

Planning must be improved further to realize the tasks posed in the draft of the Basic Directions. As is known, the drafting of this document is preceded by the drafting of the Comprehensive Program of Scientific-Technical Progress and the Master Plan for the Development and Distribution of Productive Forces in the USSR. The importance of these preplan documents in the state planning system is enhanced by the following phrases in the draft of the Basic Directions: "To strengthen the interrelationships between long-range forecasting, long-range and current planning. In drafting state plans, to consider more completely the Comprehensive Program of Scientific-Technical Progress and the Master Plan for the Distribution of Productive Forces in the USSR." I would like to propose the following refinement. The master plan for distribution should be called the /system for the development and distribution of the productive forces/. This will correspond to the character of the questions examined in the system.

The equalization of the levels of economic development of union republics continues to be an urgent issue. Since the early sixties, there have been two groups--regions at the highest level and regions at a relatively low level--that have been clearly delineated with respect to the dynamics of equalization of the productive contribution of regions to the all-union economy. While in the first group, which includes a large number of old and new industrial regions (primarily in the eastern RSFSR), the natural elimination of economic distinctions between them is continuing, in the second group, which includes some union republics and some long-inhabited regions in the middle and southern zone, it is not sufficient intensive. Such distinctions are the result not only of differences in technical level, organization of production, and branch economic structure, but also of structural differences in the population and the degree of utilization of labor resources. The decisive role in the elimination of these distinctions must belong to the dynamics of the economic effectiveness of production.

Under the 11th Five-Year Plan, almost all republics succeed in appreciably increasing labor productivity in industry and agriculture (primarily as a result of branch factors). The 2.1-fold different between the extreme values of the labor productivity indicator remained virtually stable during the 10th and 11th five-year plans. The reduction of distinctions in territorial levels of labor productivity is a process that must be based on the broad introduction of scientific and technological advances in all republics and economic regions.

The draft of the Basic Directions is distinguished by its exceptional social orientation. And in this connection, paramount importance must be focused on the elimination of disproportionality in the development of the nonproductive infrastructure. There are still many shortcomings in this sphere, especially in regions of new development. Thus, in Siberia and the Far East, housing per urban dweller declined slightly compared with the all-union average during the tenth and the current five-year plans.

In addition to carrying out a large-scale housing program, the cultural opportunities of the people should be equalized, and the protection of the health and rest and recreation of the population in various regions should be improved. Unfortunately, we also have differences in this area. Let us take moviegoing as an example. The average person in the USSR (in town and country alike) goes to the movies 15 times a year; in rural areas of the Uzbek, Azerbaijan, Latvian, and Kirghiz SSRs--9 times; and in the Tajik, Armenian and Georgian SSRs only 7 times.

The hospital bed-to-population ratio is another question that must be resolved. For the USSR as a whole, this indicator is 128 beds per 10,000 population, but in some republics it is lower.

It will be necessary to work a number of five-year plans on the problems posed in the draft of the (new) Program of the CPSU and the draft of the Basic Directions. The resolution of many of these problems depends on planning agencies. Plans must indicate priority directions and stress their territorial aspect. This will make it possible to combine economics, culture, labor, and consumer services into one.

The Development of Transport

[D. K. ZOTOV] (chief, Transport Department, USSR Gosplan). Transport is a large branch of material production that employs more than 10 million persons. Productive fixed capital of all types of common carriers comprises almost 14 percent of the national economy's productive fixed capital.

The draft of the Basic Directions provides for the further development of transport based on the need to resolve the basic tasks of that branch--the timely, quality, and complete satisfaction of the shipping needs of the national economy and the population and the higher economic effectiveness of transport.

This requires the elaboration and implementation of measures to coordinate the work of all types of transport and the interaction of transport and the national economy. Provision is made for accelerating the incorporation of scientific and technical progress--new, highly productive types of rolling stock and other technical means of transport making possible more effective shipping, a high level of reliability, and lower labor-intensiveness of service and repair--in the transport process. In particular, the reference is to the creation of new and the improvement of existing container and packet shipment systems, the mechanization of loading and unloading operations, the automation and mechanization of other labor-intensive

processes, and the introduction of computerized management systems. The development and introduction of new types of transport, continuous transport in the mining industry, and ground-effect machines for use as transport are planned.

In order to increase the economic effectiveness of the operation of transport, there must be considerable improvement in the use of its technical means, especially rolling stock. The draft of the Basic Directions calls for the implementation of a complex of measures to raise the productivity of locomotives and cars, especially by increasing the average weight of freight trains and the speed of passenger and freight trains; for improving the use of seagoing and river vessels as a result of the acceleration of their processing in ports; for raising carrying capacity and reducing ship repair time. Further improvements in trucking are also planned.

Rail transport continues to be the principal type of mainline transport that maintains the basic interregional transport ties. The draft of the Basic Directions calls for raising the carrying capacity of railroads, particularly in the directions that connect the Center to the Urals, Western Siberia, Povolzhye, and the southern zone of the European part of the nation, Kazakhstan, and Central Asia; for increasing the processing capacity of shunting, freight and passenger stations.

The development of maritime transport is based on the need to handle the growing volume of Soviet exports and imports and to ship national economic freight between Soviet ports.

River transport will play a larger part in servicing interregional shipment of mass cargo. Considerable growth rates are planned for river transport in Siberia and the Far East.

The development of motor transport in connection with the relatively high labor- and energy-intensiveness of trucking is determined by its application primarily where less labor- and energy-intensive types of transport cannot be used. The implementation of measures to further increase the share of automotive common carriers in the national economy's motor transport continues to be an important issue.

The sphere of application of air transport in long-distance domestic and international passenger traffic and in regions lacking appropriate ground transport facilities will be expanded. Civil aviation will be extensively supplied with aircraft for use in the Arctic and Antarctic and in agricultural and special work in other branches of the national economy.

In the area of road construction, the construction of motor roads linking the central farmsteads of kolkhozes and sovkhoses to rayon administrative centers will for the most part be complete in 1990. One hundred sixty-seven thousand (167,000) kilometers of motor roads, including 75,000 kilometers of public roads, must be built and rebuilt.

In the interest of improving the quality of passenger transport and increasing the volume of transport services to the population, measures will be taken to

develop rail, sea and river terminals, airports, and other transport facilities associated with transporting passengers, and to produce and deliver comfortable rolling stock for passenger traffic.

Resource-saving measures will be instituted in all types of transport, with particular emphasis on economizing and lowering per unit expenditures of fuel and energy on transport work. This will above all mean supplying the most energy-intensive types of transport--air and motor--with more economical rolling stock. Accordingly, new, highly efficient and economical aircraft, diesel trucks and buses, and more economical gasoline engines will be developed and a number other measures will be taken. Large-scale measures will be implemented to convert the motor vehicle fleet to gaseous fuel in order to conserve on liquid fuel.

A complex of measures will improve the organization of the transportation of national economic freight and the improvement of planning in transport, which was reflected in the 1986 plan. The volume of freight shipped in tons, rather than freight turnover in ton-kilometers, as was the case up to now, will be the principal indicator approved and used to evaluate performance during the 12th Five-Year Plan. The number of indicators centrally approved for ministries, associations and enterprises will be reduced.

An important role is assigned to the implementation of the large-scale economic experiment. It is planned that all river steamship lines belonging to the RSFSR Ministry of the River Fleet, all motor transport in the Belorussian, Kazakh, Georgian, and Latvian SSRs, motor transport belonging to Glavmosavtotrans [Main Administration for Motor Transport, Moscow City Soviet], a number of enterprises belonging to the RSFSR Ministry of Motor Transport, two railroads (Dnepr and Southwestern) belonging to the Ministry of Railways, and three marine steamship lines (Baltic, Latvian, Black Sea) belonging to the Ministry of the Maritime Fleet will begin operating under the conditions of the experiment and the preparation of the necessary normative and methods documents is nearing completion.

The experiment poses the task of increasing the responsibility and of expanding the rights of transport enterprises and organizations, consignors and consignees in the drafting and implementation of shipping plans, in providing timely and quality support for these plans, and in improving the cost accounting relations of these enterprises. Taking the results of the experiment into account, all transport ministries will be converted to work under the new conditions starting in 1987.

We must once again note the urgency of utilizing the scientific and production potential more fully. The Comprehensive All-Union Scientific-Technical Transport Program has been developed for the 12th Five-Year Plan. The task of the State Committee for Science and Technology and ministries that manufacture technical means of transport is to ensure their timely development at the level of the highest accomplishments in the world, especially with regard to fuel- and labor-saving indicators, while the task of transport ministries is to make rational use of these resources.

[V. S. KUDINOV] (deputy chief, USSR Central Statistical Administration). Section VIII of the draft of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 is devoted to the development of transport and communications. The role of transport in the development of the nation's economy is constantly growing. It is not only the fourth branch of material production (according to K. Marx's definition), but is also a key link in the production infrastructure. In addition to this, as noted at the November (1982) Plenum of the CPSU Central Committee, transport in the Soviet nation also plays an important social role.

I would like to discuss a number of points regarding the development of transport.

In recent time, transport has become a bottleneck in our national economy. The possibilities that opened up as a result of the conversion of rail transport to new types of traction--electric and diesel locomotives-- at one time require new technical decisions aimed at the development of transport's material-technical base. Moreover, there is need for a comprehensive solution of many questions ranging from the basic restructuring of the track system and the introduction of more sophisticated and economical rolling stock to the improvement of the wage system.

The activation of 2300 kilometers of new railroad lines is planned for the 12th Five-Year Plan. In our view, this is insufficient to cope with the growing volume of freight shipping in the national economy. Of course, it should be remembered that other types of transport will be developing at an accelerated rate. As a result, the share of rail freight in the overall volume of shipping will decline. But nevertheless, rail transport will continue to be the basic type of mainline transport.

Thus we come to the construction of new railroad tracks. Under the 9th Five-Year Plan, the nation built 3600 kilometers of track or 700 kilometers a year; the same rate continued under the 10th; approximately 2500 kilometers were built under the 11th Five-Year Plan. Under the 12th Five-Year Plan, even this volume of construction of new railroad track will diminish: we will on the average commission 460 kilometers of new track a year. Bearing in mind the fact that the question of continuing the BAM in the direction of Yakutsk has already been resolved, the Ministry of Railways does not contemplate any other large construction projects under the new five-year plan.

At the same time, the draft of the Basic Directions calls for increasing the volume of rail freight shipping by 8-10 percent and for increasing rail passenger turnover by 7-9 percent. At the same time, the labor productivity of shipping personnel must be raised by 10-12 percent, which means hauling more freight and passengers with a smaller work force. Given the decline in the absolute growth of labor resources, there is no other avenue to economic growth.

As we know, most (approximately 80 percent) of the national economy's freight is transported by truck. However, here, too, there arises the problem of building motor roads, especially hard-top roads necessary for the effective

operation of heavy-freight trucks belonging to the KamAZ family, articulated vehicles, and tractor-trailer rigs. The construction and reconstruction of 167,000 kilometers of hard-top motor roads, including 75,000 kilometers of public roads and 92,000 kilometers of farm roads in rural areas, are scheduled.

To the foregoing, it should be added that the railroad and motor road network is distributed extremely unevenly throughout the nation.

The question arises as to where to obtain the additional capital investments, material and labor resources. As is known, the volume of capital investments is determined by the volume of national income and the share of national income that is allocated for accumulation. According to plan, the growth rate of national income in 1986-1990 will be accelerated compared with the 11th Five-Year Plan. But it can also be increased as a result of the better organization of production, more effective and rational management, and the elimination of the still considerable losses of products, including the transportation of freight. And this is in large measure explained by the low shipping speed of agricultural products, especially perishables. Calculations show that there are major reserves here that can ultimately increase national income.

The construction of railroads requires metal, especially rails, switches, rail connectors, and metal components for overpasses. And these resources should be sought through the more effective use of production capacities in metallurgy, by rolling rails with minimum tolerances, by increasing the heat treatment of rails, (and consequently by economizing rails in the track repair process), and by increasing track service life.

In conclusion, it can be said that in addition to using the internal reserves of rail transport proper (improvement of the organization and planning of the shipping process, using rolling stock more effectively, better track maintenance, strict observance of production discipline) and the acceleration of scientific-technical progress in transport, we should determine the possibility of increasing the volume of construction of new railroad tracts especially in regions where large territorial production complexes are formed.

[R. V. RUTKOVSKIY] (deputy chief, Transport Department, USSR Gosplan). For a number of five-year plans, the role of transport as a unified system has steadily grown. The explanation is that production relations in the national economy are becoming more complex, specialization and cooperation in production are developing, major territorial changes are taking place in the raw materials base, and the social significance of transport is growing. The basic task confronting transport is described in the draft of the Basic Directions. When addressing this task, it must be remembered that transport is an investment-, metal- and labor-intensive branch. Despite the necessity for and the importance of the task of developing transport, we nevertheless cannot presently expect a sharp increase in capital investment in this branch because capital investments today do not so much determine the potential for this branch's development as does the time factor and the existing construction potential. In this situation, the optimal utilization of allocated resources is the principal task. We must truly measure seven times

before deciding what, where or when to build or develop. The problem of developing transport facilities in new territory is especially important.

I would like to support Comrade P. Ye. Semenov's view that the territorial aspect of planning must be intensified and that it is feasible to dispose over certain centralized resources in order to exert a more active influence on territorial development from the state's standpoint. This also applies in equal measure to the development of transport facilities in new regions.

In addition to new railroad construction, there are a number of other measures, including measures of a reconstructive nature, that can yield the necessary effect with lesser investment-intensiveness and an earlier return. Therefore, while we are on the threshold of drafting the transport development plan for the 12th Five-Year Plan, we must proceed from the feasible combination of new railroad lines, second tracks, electrification, proportional development of all components of the railroad network, and the equipment repair base. Resources should first of all be directed toward the elimination of bottlenecks that practically determine the possibility of handling the growing volume of shipping. The introduction of advances of scientific-technical progress in all types of transport is one of the principal ways of developing shipping. Transport here depends to a great degree on allied branches and especially on transport machine building. At a time, the conversion of railroads from steam to electrical and diesel power and the technical re-equipment of marine, river, motor, and air transport became possible only as a result of a gigantic leap in machine building. Because such a leap is not foreseen in our country today, we are compelled to intensify our transport potential even further. Machine builders and transport workers have a common task: it is essential to overcome the lag, to create every possibility for introducing new types of equipment and technology in transport.

Considerable work must also be done to improve the management of transport. Individual types of transport are planned in isolation from one another (republic types of transport--motor, river, motor roads). We should obviously have a system for managing these types of transport that resembles the system that is in operation on railroads, in marine and air transport, i. e., centralized management.

[I. T. KOZLOV] (deputy director, Institute of Complex Transport Problems). The effectiveness of the development of the national economy depends to a great degree on the functioning of the nation's transport system. We know that the insufficient development of the transport system leads to losses in the national economy as a result of violations of the technology of industrial production, the lowering of labor productivity, spoilage of agricultural products, etc.

In many regions of the nation, the development of the motor road network, for example (per ruble of capital investments) results in higher output than direct capital investment in agriculture. If we also consider the social significance of motor roads, the feasibility of a certain redistribution of resources for the more intensive construction of the road network becomes obvious.

This also applies to mainline types of transport. The insufficient capacity of certain railroad routes and the lack of a sufficient reserve of freight cars in certain cases leads to the sharp curtailment of production and to interruptions in the work of enterprises. Naturally, this is associated with large material and monetary losses that exceed the costs that are necessary for the development of the transport system. The cited examples, which reflect the increasing complexity of production relations, the development of new regions, and the specialization of production attest to the fact that, objectively speaking, transport should play a more prominent role. During the last three five-year plans, however, the transport's share in productive fixed capital in the national economy declined from 18.3 percent in 1970 to 16.6 percent in 1985. The quality of productive fixed capital also deteriorated during this period. The coefficient of serviceability of productive fixed capital declined in particular. The growth of productive fixed capital under the 11th Five-Year Plan substantially exceeded the increase in production capacities. Thus, while productive fixed capital rose by approximately 36 percent under the last five-year plan, it is estimated that the growth of production capacities did not exceed 15-18 percent. This fact attests both to the increase in capital construction costs and to the lack of integration in the development of various parts of the transport system. What is more, in the last two five-year plans, there has been a decline in the reliability of both rolling stock and track primarily as a result of the aging of fixed capital in connection with the small amount that is written off and the insufficient reliability of new stock. In rail transport, for example, new types of diesel locomotives delivered under the 11th Five-Year Plan were less reliable than those already in operation.

The 12th Five-Year Plan does not as yet provide for a substantial increase in the capacities of the transport system. Increases for certain indicators, the commissioning of new railroad lines, for example, are even planned below the 11th Five-Year Plan level. Higher effectiveness of the transport system must naturally be attained to a considerable degree as a result of organizational and technical measures, the better management of all shipping operations, and the more intensive use of available means of transport. Moreover, it must be remembered that transport's primary function is not to increase the number of ton-kilometers of freight shipment but to ensure that the quality of transport services is high and that they are performed on schedule.

The Country's Agro-Industrial Complex

[A. S. POPKO] (chief, subdepartment, USSR Gosplan). The growth rates of the agro-industrial complex, and especially agriculture, are lower than the growth rates in the Basic Directions for the production of industrial output in general and in Group 'B.' However, these rates are an indication of the progress that must take place in agriculture with respect to the growth of production. This progress must be attained despite the fact that the basic resources--tractors, trucks, fertilizers--allocated for the 12th Five-Year Plan and the ceilings on capital investments will be increased very moderately. An increase in the area under farm crops is not foreseen and agricultural manpower will be reduced.

The targets of the Basic Directions must be met as a result of intensification, the optimal use of allocated resources and the existing production potential of the agro-industrial complex.

The introduction of scientific-technical progress in branches of the AIC is the principal means of accelerating the growth rate. Much attention is also devoted to the improvement of management, to the organization of production, to the introduction of new forms of labor remuneration, and to other measures that do not require additional capital investments.

One of the most important directions of improvement of the branches belonging to the agro-industrial complex is the improvement of the production relationships between partners and raising the interest of all links and levels in the final results of production. In particular, the collective contract, that effectively combines social, collective and personal interests and bases remuneration on performance and not mere presence on the job, must be practiced more and more widely. The Basic Directions also orient us toward improving the forms of remuneration for labor.

As we know, in addition to the national Food Program, republics, oblasts and rayons have their own food programs. However, given the centralization of procurement and distribution of food, the lower-echelon management lacks the proper degree of independence in the resolution of food problems at their level. It is feasible to make every production and management link more interested in satisfying the food needs of the population of their region and in satisfying more of their own needs for difficult-to-transport foods. Current economic experiments contemplate the transition from the planning of purchases of agricultural products to the planning of their delivery to the all-union (centralized fund). The Lithuanian SSR, for example, is assigned volumes of meat and milk to be delivered to the all-union fund, while the distribution of products used by the republic for its own needs is not regulated from above. Economic levers applied by the republic are instrumental in strengthening the initiative of rayons in the development of personal plots and subsidiary farms of industrial enterprises.

The economic experiment in progress in Stavropol Kray and Vologda Oblast provides for the allocation of material resources in accordance with the norms in order to meet targets for the delivery of agricultural products to the republic fund. This system interests farms in increasing deliveries to the centralized fund and in the economical use of resources since they are allocated not according to the basic indicators but rather on the basis of performance.

One task in improving the economic mechanism in the agro-industrial complex is to overcome localistic tendencies [mestnichestvo] and departmentalism. If farms strive to obtain the largest possible amount of material resources in order to modernize their base, they must realize that such expenditures must also be accompanied by a larger return to the nation's centralized fund.

Accordingly, Section IV of the Basic Directions--"The Acceleration of Scientific-Technical Progress and the Development of Science"--should point out the role of republic local Soviet organs in supplying the population with

food and the last sentence of the second paragraph should be amended to read as follows: "/To increase the interest of republic and local Soviet organs, agro-industrial committees and associations in the delivery of food and nonfood agricultural raw materials to the centralized fund and their responsibility for the supply of food to the population in their regions/."

[G. N. YEGOROV] (deputy chief of department, USSR Gosplan). As noted in the new Program of the CPSU, the dramatic acceleration of scientific-technical progress is central to the party's economic strategy. This principle permeates almost all sections of the draft of the Basic Directions and is concretized in plan targets for 1986-1990 and the period up to the year 2000. According to plan, at least two-thirds of the increase in the productivity of social labor will be due to the utilization of advances in science and technology and the use of progressive baseline technologies will be expanded 1.5-2-fold under the 12th Five-Year Plan.

Biotechnology is one of the priority directions of scientific-technical progress. As one of the fundamentally new technologies (chemical, plasma, membrane, and others) cited in the draft of the Basic Directions, it must be widely introduced in the national economy, which will permit a many-fold increase in labor productivity, an increase in the effectiveness of resource utilization and the lowering of the materials-output ratio.

The microbiological industry is developing at an accelerated tempo on the basis of of scientific-technical advances in the nation's biology and biotechnology. Under the current five-year plan, there will be a significant increase in the production of microbiological protein for use in feed, amino acids of lysine and other biologically active substances necessary for agriculture and other branches of industry. High rates of development in the microbiological industry are envisaged for the 12th Five-Year Plan.

The draft of the Basic Directions pose the task of doubling branch output during the five-year plan, significantly expand the production of fodder protein and other biologically active substances, and develop the raw materials base of biotechnology, inter alia, as a result of the increased use of gas, and to introduce scientific-technical advances in biotechnology and genetic engineering more actively.

The large-scale introduction of scientific-technical advances in agriculture, health and industry is planned for the further acceleration of the most important directions of biology and biotechnology. The realization of the indicated measures will make it possible to effect significant qualitative changes in the future side by side with the quantitative growth of output, to increase the intensiveness of the most important biological processes, to expand the product mix substantially, to improve the quality of output, and to alter the technology of agricultural production.

At the same time, in a number of cases, the creation of new types of products and the development and introduction of fundamentally new, progressive technologies are impeded over long periods of time owing to the lack of modern equipment, instruments and materials.

While we entirely approve and support the draft of the Basic Directions, the tasks confronting the microbiological industry and the avenues of its development, the scale of introduction of biotechnology and genetic engineering should be expanded, and certain addenda should be included.

In order to accelerate the development and introduction of fundamentally new technologies, the following addendum should be incorporated in Section V ("Development of Heavy Industry") and subsections ("Machine Building Complex" and "Production of Construction Materials"): "/To accelerate the development and assimilation of the production of special types of biotechnological equipment, instruments and materials and chemical reagents required for work in new directions of biology and biotechnology/."

Section VI ("The Development of the Agro-Industrial Complex and the Implementation of the Food Program") states: "To increase the delivery of chemical additives, feed preservatives and growth stimulators to agriculture...." In addition to chemical preservatives and growth regulators, the country is producing preparations that are obtained on the basis of microbiological synthesis, the volume and mix of which will be expanded. Therefore, the words "/and microbiological/" would be added after the word "chemical."

In order to reflect more completely the most important scientific directions of development of biotechnology, the paragraph in this section that deals with the microbiological industry states: "To significantly expand the production of fodder protein and other biologically active substances." We propose adding the words "/amino acids/" after the words "fodder protein." In addition, at the end of this phrase, we should insert: "/To organize the production of new, highly effective preparations for health as well as therapeutic and prophylactic means for animal husbandry/."

[P. A. IGNATOVSKIY] There has been a substantive, highly informative discussion of a wide range of issues. Naturally, not all issues in the Basic Directions have become the subject of discussion. This would have been difficult within the time allotted for the discussion. As noted, some principles in the draft need to be defined more precisely. Public discussion of this document will make it possible to realize this task. Participants in this discussion have expressed a number of ideas that will be summarized and submitted for examination according to the established procedure. They will be augmented with individual comments and proposals. Particularly noteworthy is the formulation contained in the draft of the (new) Party Program on the conversion of "agriculture to an industrial footing." It would obviously be better to say "to the intensive path of development," bearing in mind the fact that agriculture has one biological basis that presupposes the application of industrial technologies.

In conclusion, permit me to thank all participants in the discussion of the draft of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 and to wish them success in their work.

[Text] [B. V. GUBIN] (deputy director, NIIPiN [Scientific Research Institute of Planning and Norms] under USSR Gosplan). The draft of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 poses large-scale problems pertaining to the improvement of management, to the attainment of close unity and the effective interaction of planning, economic levers, stimuli and organizational structures of management (Section XIV).

During the 10th and 11th five-year plans, it was a common practice to draft master plans for the development of branches, especially in industry, to plan the development of production and science-production associations and various types of computerized management systems, and to draft five- and one-year management improvement plans. Practice has demonstrated the effectiveness of work relating to the systematic improvement of management in ministries, union republics and associations and at enterprises. At the same time, we cannot fail to note that there are certain difficulties entailed in this work and, in particular, that a number of methodological and organizational issues have not been resolved. As a result, plan levers are not exerting a sufficiently effective influence on the resolution of key national economic tasks pertaining to the improvement of management. The possibility of overcoming these shortcomings is seen in the formation of a /system of planning work on the improvement of management/ and the organizational and economic mechanism underlying its realization. The principal task of this system is to create a continuous chain between theoretical research at the interbranch level and research on branch management problems, the design of management systems, experimental work, and the introduction of their results into economic practice.

This system should include: the elaboration of a comprehensive program for improving the management of the national economy, including the concept of long-range development of the management system; plans for the development (creation) of various management systems (master plans for management of national economic complexes, individual branches of the national economy, plans for the establishment of associations, plans for the development of automated systems for the management of production, etc.); five-year and one-year plans for the improvement of management. These planning instruments should be regarded as a kind of methodological and organizational "apparatus for forecasting" the future state of the system of management that supports certain levers for influencing the nature of its development. In our opinion, the task of elaborating and implementing the /master plan for the management of the USSR national economy/, which promotes the dynamic development of the country's single national economic complex and the effective interaction of all its links, can be posed for the future period. I deem it advisable to supplement the text of the Basic Directions accordingly.

[R. A. BELOUSOV] (professor, doctor of economic sciences; department head, Academy of Social Sciences under the CPSU Central Committee). The quality of Soviet society has been raised to a higher level as a result of scientific-technical, economic and social factors. Nevertheless, their realization

presupposes the further increase in the role of politics in interaction with economics. In the present stage as in preceding periods of socialist construction, politics takes precedence. This, in turn, requires the qualitative restructuring of the socialist economic management system. If in the past the basic function of the system of management has been to exert a purposeful influence on increasing the production of the most important types of resources and to concentrate them in the key sectors of economic construction, at the present time it must actively influence the growth of the economic and social effectiveness of the entire national economy.

Consolidated norms reflecting the correlation of the final useful result (quality) and value (production costs) in the production of specific types of products are becoming a basic instrument of management. In all preceding stages of socialist construction, the increase in the volume of production has usually been the result of a corresponding increase in the expenditure of resources. A distinguishing feature of the present stage of acceleration of socioeconomic development is that this growth is achieved with practically the same volume of resources.

Such a system of norms must essentially be substantiated and formed from the ground up. Therefore, our economic and planning agencies must be oriented toward the resolution of the given task. Accordingly, we believe that the words in Section II of the new CPSU Program that the immutable law of the socialist economic system is the most complete satisfaction of society's needs for the lowest possible expenditure of all types of resources should be followed by the phrase: "/In the immediate future, to create and assimilate in management of a new system of consolidated norms that maximally approximate socially necessary expenditures on the satisfaction of the specific needs of society and man/."

Scientific-technical progress or, more precisely, the large-scale realization of its attainments in the present stage, must become the basic source of the growth of effectiveness. However, this requires new organizational and economic forms for coupling science to production so that it would become a direct productive force. Large production and science-production associations, that include large subdivisions of researchers, developers and designers, must become such a form at the lower level. In our view, the new Party Program must also reflect such a form and that the appropriate section should not merely point to raising the role of associations, to the expansion of their rights, economic independence and responsibility, but should emphasize the need for the creation of qualitatively new production links that organizationally and economically ensure the close and flexible coupling of science to production.

The next wish concerns the creation of the necessary conditions for the formation of the most effective system and methods of management. Among them, we should first of all identify the problem of balancing manpower and jobs. The manpower shortage that currently exists in most of the nation's regions creates difficulties and violates not only the labor remuneration system but also the organization forms of labor. Hence there is need for a complex of measures that promotes equilibrium in this area. One such measure is the regularization of patronly aid [shefskaya pomoshch]. At the present time,

millions of people ride crowded transport facilities (in some instances, tens of kilometers) to work in the city while roughly the same number of people travel in the opposite direction to render patronly aid to kolkhozes and sovkhozes. It would seem that such "organization" of the interaction of town and country is ineffective and must be put in order, i. e., must be gradually reduced. Accordingly, it is not only necessary to set up affiliates of large enterprises and industrial associations in rural areas, but also to organize all manner of subsidiary facilities on kolkhozes and sovkhozes where personnel would fill the orders of industry, construction and trade and would participate in agricultural work in summer and fall. Consequently, the words /regarding the need to establish order in the utilization of manpower in the national economy and especially to reorganize patronly aid to the countryside/ should be added to Section II of the new Party Program.

[F. F. MAYER] (professor, doctor of economic sciences; department head, Moscow State University). In connection with the fact that the transition to intensification requires structural changes in the economy, the draft of the CPSU Program indicates the need for the "more rapid development of branches that promote scientific-technical progress and the successful resolution of social problems...." It appears that this principle is more consistently realized in the draft of the Basic Directions.

We must sharply increase the growth rate of the production of synthetic resins, plastics, chemical fibers, and thread in order to lead the world in their overall and per capita production in the twenty-first century. The rapid growth of paper production is still more pressing.

Increased paper production will make it possible to fully satisfy the population's demand for literature, in particular, for fiction, which has become one of the scarcest consumer goods.

In the service sphere, the scale of expansion of tourism and excursions is practically unlimited from the standpoint of the potential for their enjoyment by the population.

The enumerated questions require additional critiques of variants of economic development for the period up to the year 2000 by planning agencies.

At the same time, it is essential to define certain principles in the text proper more precisely.

The feasibility of paragraph 10, Section XIV of the Basic Directions should be weighed.

Its content raises theoretical questions because it encourages such use of social resources and the expansion of the rights of enterprises and associations that go beyond the framework that is determined by the character of state, public ownership (we recall V. I. Lenin: "...any, direct or indirect, legitimization of the ownership of an individual factory or an individual occupation by workers or their right to weaken or inhibit the orders of state power..." (Footnote 1) (V.I. Lenin, "Polnoye sobraniye

sochineniy" [Complete Collected Works], Vol 36, p 481) Tasks in all three examined directions require a more carefully considered realization.

In the area of production. The amount of resources and time required for simple reproduction (modernization and reconstruction) must be established by plan in accordance with the normative service life of equipment and the norms governing its retirement; /the scale of expansion of production at every enterprise must be determined by higher-echelon management with due regard to social needs and national economic (and not cost accounting, i. e., not from the standpoint of an individual enterprise) effectiveness criteria/.

In other words, the process of social reproduction must be according to plan rather than being determined by random circumstances that are, relatively speaking, the successes or failures of individual enterprises. In the process of centralized planning, it is necessary /to determine priorities and to note structural changes that can once again be realized only through the centralized redistribution of resources and through their concentration in the priority directions/.

In the area of labor remuneration. Labor remuneration funds must be linked to the results of labor and the labor contribution of the collective rather than to the results of economic activity which depends not only on the collective's own efforts, but also on objective conditions (natural conditions, the technical level of production, etc.).

In the area of social consumption funds (OFP). Resources for resolving social issues must be determined by the needs of the collective and not by successes (real or imaginary) or failures in the work. A kindergarten or housing must be built where it does not exist rather than where there is more profit.

Social consumption funds cannot directly stimulate production owing to the time lag between the labor process and the consumption of goods from these funds because it is frequently the case that some work while others consume, because of the irregularity of consumption of many goods from the OFP, and because of the lack of correspondence between the measure of labor and the measure of consumption through the OFP. As a result of this, the development of /social consumption funds should be oriented toward the equalization of the degree of satisfaction of needs and not toward the establishment of advantages for individual groups of the population/, which runs counter to the demands for social justice that are formulated in the draft of the CPSU Program.

Thus enterprises should develop only those forms of utilization of the OFP that are directly associated with the special character of activity, with special working conditions, etc. Special institutions--health care and recreational institutions, kindergartens--should be concentrated under local Soviets of People's Deputies and should be equally accessible to the entire population in keeping with the demands of social justice.

Accordingly, we should also delete from the text of the Basic Directions the last sentence in paragraph 10, Section X that begins with the words: "To create for work collectives...."

At the present time as in preceding years, effective demand for goods sold in state and cooperative trade and for services performed for the population for a fee in the social sector is not satisfied both in terms of general volume and (especially) in terms of structure. Overall shortages for the year tend to grow. This hinders the growth of the people's material well-being, undermines work incentives, and inflicts enormous moral harm on society by promoting profiteering, theft, the formation and growth of unearned income, and money-grubbing.

Taking the foregoing into account, the text of the Basic Directions must be amended as follows:

to supplement paragraph 8, Section II, which begins with the words "To satisfy more completely..." and after the phrase "To increase the volume of retail trade...roughly 1.8-fold" with the following provision: "/To secure the full satisfaction of the population's effective demand for goods sold in state and cooperative trade and for services performed for a fee";

to supplement paragraph 2, Section X with the words: "/To secure the increasingly complete satisfaction of the population's effective demand for goods and for services performed for a fee."

[A. A. DERYABIN] (professor, doctor of economic sciences; sector chief, Institute of Economics, USSR Academy of Sciences). The section of the draft of the new Program of the CPSU that is devoted to socialist production relations, the system of management and economic management methods emphasizes the need to improve pricing so that prices would "more precisely reflect the level of socially necessary expenditures and the quality of goods and services, would more actively stimulate scientific-technical progress, the conservation of resources, the improvement of technico-economic and consumer properties of products, and the introduction of everything that is new and progressive and would promote a program of thrift." It would seem that the advancement of such a demand on pricing is on the whole substantiated and necessary.

Up until recent time, pricing has been confronted with different tasks. An example of the most important of these tasks is the demand to compensate costs and to ensure that normally operating enterprises and associations will realize the necessary profit. In actuality, as a result of the implementation of this demand, almost all industrial enterprises (with the exception of the coal and timber industry) continuously realize a profit and sometimes a very significant profit. At the same time, many profitable and even highly profitable enterprises and associations are not sufficiently utilizing the advances of scientific-technical progress, are not achieving high indicators for the economic and effective expenditure of resources and for improving product quality. And this is not surprising. The fact of the matter is that the profitability norms that are used in planning prices, in particular, in the general price reform of 1982, were determined based on the needs of branches, subbranches and sometimes even individual enterprises and associations for resources required for the formation of material incentive funds, for making payments for capital, for compensating losses of the housing fund, and subsidies for kindergartens and day care nurseries.

Of course, it is necessary to reward collectives of enterprises and associations for successes in attaining the goals that confront them. However, there is doubt that a normative reward must be established beforehand in the price on products that have been produced more than a single decade. Such an approach eliminates any kind of difference between conventional planned labor remuneration costs and rewards for special achievements. It also eliminates the stimulating function of prices and instead of being an active tool of management, prices become a mere accounting category. The stimulating functions of cost accounting are also diminished: branches, associations and enterprises obtain the financial resources they need without particular effort.

The attempt to ensure profitability for all so-called normally operating enterprises results in the exertion of a great deal of pressure on pricing agencies to compensate the higher costs of individual enterprises and associations through prices. It is no secret that extensive development in all branches has resulted in the considerable differentiation of production costs (from 1.5 to 10 or more times) for the same product or for similar products. This circumstance is frequently used to justify differences in costs that in actuality are the result of mismanagement, incompetence and conservatism in management, shortcomings in the organization of labor, and other subjective factors. The ultimate result is economically unsubstantiated differentiation in prices as well which, to be sure, is sometimes concealed by various kinds of exemptions in fixed payments (uneven payments for capital or the total absence of such payments, turnover tax rates and withholdings from profits, etc.).

It appears that the above-cited demand, which is contained in the draft of the new Party Program, should be understood as the demand not for the approximation of actual costs, but for the more precise reflection of the formation of socially necessary expenditures of labor in a socialist economy. Under socialism, such distribution and use of all types of resources that the highest level of satisfaction of social requirements is attained with minimum expenditures of labor are the normal condition of production. These minimum costs are the socially necessary costs.

In its application to specific pricing practice, this theoretical principle means that prices must reflect progressive production conditions and the actual possibility for using the results of scientific-technical progress. Consequently, only those enterprises and associations that continuously improve their own production and the quality of their output can receive the full measure of profit according to the norm. Conversely, enterprises and associations that produce and use obsolete machinery and technology must objectively be unprofitable. Unprofitability is a signal of inactivity that demands the adoption of the most decisive measures.

[V. A. SAKOVICH] (MESI [Moscow Economic-Statistics Institute]). The draft of the Basic Directions calls for the comprehensive development of the system of management, for its orientation toward the decisive transition to the utilization of intensive factors in the development of production, the acceleration of scientific-technical progress, and the most complete satisfaction of social needs.

The realization of the demands that are made requires the reexamination of the traditional forms and methods of determining social needs, the formulation of current and long-range goals, and the discovery of more effective ways of implementing the decisions that are made.

When measures are planned to secure the more complete satisfaction of the population's growing needs, the assumption is that the point at issue is the provision of people with certain material goods and services and especially food. Special importance is acquired by the more precise and complete evaluation of the degree of satisfaction of the people's needs. At the present time, two separate approaches to such evaluation are seen in economic practice and economic literature.

The first approach (let us call it the commodity approach) is associated with the planning of the production and consumption of commodities; the second is associated with the use of the characteristics of use value, when planning promotes the supply of the population with the necessary consumer goods. Unfortunately, the two approaches frequently become intertwined in practice whereupon the concept of commodity unjustifiably coexists with the concept of product, etc., which is not one and the same thing.

The confusion of these two approaches has been reflected in the draft of the Basic Directions which states in particular: "To increase the delivery of living, refrigerated fish, fish products in cut-up form, cured fillets, smoked fish, and fish jerky." Obviously, this example of the imprecision of concepts is not only of an editorial nature, but is also a not entirely correct description of the range of things that should satisfy people's food needs. Nevertheless, people's needs are ultimately satisfied not by commodities, but by specific objects and things. Therefore, the use of the characteristics of use value in planning the production and consumption of consumer goods must be decisive, while cost characteristics are necessary for planning the population's incomes and expenditures, the economic activity of branches involved in the production and movement of things to the consumer, including trade. The formulated principles must be taken into account in the process of determining the basic directions of the economic and social development of our country. The importance of the use value of consumer goods consists not only on a theoretical plane, but also in the aspect of the methodological basis of the entire system of evaluative indicators and economic regulators that are used in the economic management of production and consumption.

It is therefore feasible to amend the most important principles of the draft of the Basic Directions, by applying the characterization of value and use value in accordance with the sense, goals and tasks of the structural divisions of the document under discussion with respect to satisfying the Soviet people's need for consumer goods.

[M. SOLOVYEV] (candidate of economic sciences; sector chief, Scientific Research Economics Institute under USSR Gosplan). The party's plan for accelerating the nation's socioeconomic development is impossible unless the economy is converted to an intensive footing. This in turn presupposes the orientation of management, planning and the system of economic levers,

incentives, and economic relations toward the attainment of high final national economic results.

It consequently appears expedient to add: "/With a smaller work force"/ following the words "raise the profitability of production" in the paragraph that discusses the further development and heightened effectiveness of cost accounting and the stimuli that must convey advantages to work collectives in the section "Improving Socialist Production Relations" in the draft of the new Party Program.

As is known, the nation's manpower shortage is relative rather than absolute. Under present conditions, at a time when the wage fund is as a rule assigned to the enterprise from above, the enterprise is not motivated to attain centrally assigned indicators that evaluate its performance with an absolutely smaller work force since the wage fund is automatically diminished and the intensiveness of labor intensifies. It therefore seems to us that this indicator must be planned on the basis of the wage norm per ruble of net (normative net) output and that it must be made stable for the five-year plan period or regressive depending on the specifics of the branch. Enterprise collectives will then be motivated to fulfill their production plans and delivery contracts with a smaller work force.

The draft of the Basic Directions develops and concretizes the party's economic strategy which is contained in the draft of the new Party Program. Nevertheless, some economic proportions need to be defined more precisely. Thus, according to the draft of the Basic Directions, national income in the space of 15 years will almost double, while 75-80 percent of the increased requirement for fuel, energy, raw materials and supplies must be satisfied on the basis of their conservation. The draft also provides that the energy-intensiveness of national income shall be reduced to less than five-sevenths and metal-intensiveness to almost one-half of the previous level. This means that if national income doubles, the volume of industrial output should increase roughly 1.9-fold (given progressive structural changes between industry groups 'A' and 'B' and changes in the product mix within group 'A'). Indeed, the expenditure of material resources on the production of a unit of national income by the year 2000 should be almost cut in half, i. e., the volume of metallurgical production remains practically at the 1985 level (we abstract from a certain increase in the volume of metal production in the branch in 15 years since the need for metal for the production of a unit of national income will gradually decline, and this will require a certain increase in the production of metal in connection with the growth of the volume of national income and by the year 2000 the reduction of its volume to the 1985 level), while the production of fuel, energy, raw materials, and supplies, i. e., products of industry group 'A' will increase roughly 1.3-fold. Taking into account progressive changes in the industrial product mix in group 'A' in favor of the means of labor and a certain increase in the share of group 'B' in total industrial output, industrial production should grow roughly 1.9-fold by the year 2000.

[P. P. RADZHYUNAS] (candidate of economic sciences). The development of the fuel-energy complex and the sharp increase in its economic effectiveness are among the most important global problems of modern times.

The term "power" for the most part refers almost exclusively to electric power even though at least 50 percent of the country's boiler and furnace fuel is expended on the production of thermal power. Heat supply, however, is a subsidiary adjunct of enterprises, institutions and organizations of all ministries and departments that do not have purposeful leadership (from optimal technical organization to the oversight of economic indicators). Therefore, the following situation has been created in the country. The construction of systems is not based on long-range heat supply plans in all cities and population centers. However, even if such plans exist, departmental barriers do not permit the rational development of the heat supply of population centers as a whole. "Kommunteploenergo" associations formed in union republics, oblasts and krais of the RSFSR supply thermal power primarily to the housing of local Soviets and partially to municipal facilities. As a rule, their balance carries only a negligible part of the existing heat supply systems and they therefore do not exert a serious influence on the optimization of the heat supply of a population center in general.

The vicious practice of dividing individual elements of heat supply systems between organizations, institutions and enterprises is commonplace. For example, a boiler room is carried on the balance of one enterprise, thermal networks--on the balance of another enterprise, while internal blast furnace equipment is operated by a third enterprise. Such division has a pernicious effect on technical indicators, particularly on heat supply.

Normal working conditions are not provided in small systems (they lack rest rooms, lunchrooms, and, in some cases, shower facilities). This creates staffing problems which are aggravated by the seasonal nature of operation. They hire workers irrespective of their skill level and professional and moral qualities.

Heat supply systems are not stable, are not of sufficiently high quality, and do not operate without interruption. Only occasionally, do we see a systematic effort to increase the economic effectiveness of the systems. The matter frequently boils down to supplying facilities with heat at any price.

Not enough effort is made to maintain heat supply systems in working condition and to retool and modernize them. Most systems have no opportunity to establish a repair and technical maintenance base.

Many enterprises, organizations and institutions belonging to various departments find it troublesome and costly to maintain their own heat supply systems. In addition to the high cost of producing thermal power, high per unit expenditures of fuel on heat production, departmental systems are often unable to secure optimal production-technological conditions. The cost of producing thermal power in boiler rooms is as high as 20 and even 25-30 rubles per gigacalorie. The price of fuel, which is burned in inadmissibly large quantities, accounts for no small share of the cost of production.

This situation is partly explained by the fact that in the past, primary attention was focused on one-time capital investments in the establishment of heat supply systems (the smaller the investment, the better), while such

questions as economic effectiveness, resource conservation, reliability, the quality of the generated power, and environmental protection were regarded as secondary. Today, however, resource conservation in heat supply can no longer be a slogan, but must be a reality with concrete end results.

Long-range development plans must become the basis for the heat supply of population centers. We must also expand the mix of boiler and furnace equipment in production and concentrate particularly on their service life, ease of maintenance, efficiency, and low metal-intensiveness. The time has come to produce fully automated equipment. The monitoring and measuring instruments that are presently manufactured (in extremely insufficient quantity) are imperfect and too complex.

Rational organization, however, does not mean that we should be oriented exclusively toward large systems, i. e., toward the universal centralization of heat supply. Centralized supply is not without its shortcomings: costly heating networks, lack of flexibility in maintaining the required temperature, the impossibility of lowering the temperature, the overexpenditure of fuel and the overheating of certain premises at night, etc.

In our opinion, the full centralization of systems irrespective of their capacity, location or departmental affiliation, i. e., the concentration of literally all heat supply systems in specialized organizations, is the basic condition to the radical improvement of heat supply. These organizations must operate and monitor the system of a whole rather than individual links all the way from the heat source (boiler room) to radiators, to hot water supply systems, and to heat-using production equipment.

According to our tentative estimates, the optimization of heat supply would mean a fuel saving up to 30 percent and a more than 7 percent saving of metal; labor productivity would rise more than 1.5-fold.

Based on the foregoing, I propose incorporating the following: "/To reorganize the system of management of heat supply, focusing special attention on the optimization of heat supply in urban and population centers, on expanding the mix of thermal energy equipment, on increasing the effectiveness of research, and on accelerating the inclusion of renewable energy sources in the fuel-energy balance/" in the "Fuel and Energy Complex" subsection of Section V of the draft of the Basic Directions.

[A. A. SHAMOV] (associate professor, candidate of economic sciences). The improvement of the management of production of products for interbranch use is a substantial reserve for increasing the effectiveness of the national economy. The number of such products is growing with the development of the standardization of production. They are at the same time coming to play a larger part in the development of social production. The interbranch product mix includes such technically complex items as hydraulic systems, lubricating systems, measuring devices, instruments, etc.

At the same time, branch-customers' orders for general machine building products are not being entirely filled. As a result, many associations and enterprises have organized their own production of these products, despite the

fact that they lack the necessary material-technical base and specialists. Consequently, in addition to powerful industrial complexes, there are now small, frequently rather primitive facilities that produce interbranch products and perform interbranch services, where labor productivity is several times lower than the national average, where product quality is lower and the labor- and capital-output ratio is higher.

The transition to the intensive path of development of the national economy requires the implementation of immediate measures to concentrate capacities and means for the production of interbranch products so as to mass produce these products in large series based on the use of modern technologies, machines and instruments. These measures are contained in special integrated target programs for Moscow and Moscow Oblast, Leningrad and Leningrad Oblast. Calculations show that their implementation will lead to a general 2-2.5-fold increase in labor productivity in the production of these products in these regions, to an 8-10-fold rise of the level of specialization, and to a 20-25-percent reduction in capital investments compared with the decentralized development of capacities for the production of the given products.

In the initial stage of addressing the problem, we must step up the coordination of the activity of ministries and departments, associations and enterprises producing general machine building products. Considering the enormous scale of social production and the vast area of our nation, this work should be carried out by union republics. Councils of ministers of union republics should be given the right to coordinate the manufacture and delivery of products of the given type in a republic by associations and enterprises irrespective of their departmental affiliation. Corresponding ministries and departments of the USSR are obligated to production and delivery plans with the councils of ministers of union republics.

Such coordination will make it possible to create a base for the cardinal resolution of this problem, which in our view consists in forming a network of all-union, interrepublic and republic industrial associations specializing in the production of general machine building products. They can be formed on the basis of branches whose profile is closest to the corresponding consolidated interbranch product mix, but can be transferred from the subordination of ministries to the charge of a superdepartmental agency under the USSR Council of Ministers and councils of ministers of union republics (bureaus for the management of a group of interconnected branches, committees, etc.). A possible variant takes the form of the creation of a special ministry for the production of interbranch products and for the performance of interbranch services on the basis of the resources and funds of branches that are customers for these products and services.

One of the necessary conditions to the solution of the given problem is the incorporation of certain corrections in investment policy. USSR Gosplan could allocate capital investments to USSR ministries and departments for the creation of a network of the given associations as a separate item. A considerable part of these investments can be formed from the resources of branches that are customers for products of the given type and channeled into the reconstruction and reorientation of existing associations (enterprises) and organizations.

On the basis of the foregoing, the following corrections should be made in the draft of the Basic Directions.

The following words should be inserted after paragraph 9 of the "Machine Building Complex" subsection of Section V: "/To raise the level of specialization, cooperation and concentration of interbranch products, to convert it to large-series, mass production making it possible to apply sophisticated technologies, machines and instruments/."

The following words should be inserted after paragraph 4, Section XII: "/To implement measures for the development and siting of industrial associations for interbranch production in union republics/."

The following words should be inserted after the words "to create in the necessary instances interbranch associations that are responsible for accelerating the solution of scientific-technical...": "/problems and tasks of rationally supplying science-production and production associations with interbranch products and other economic tasks/."

[N. P. KHOKHLOV] (associated professor, candidate of economic sciences; Kharkov Engineering-Economics Institute). Generally speaking, the category "production capacity" does not occupy its appropriate place in the theory and practice of a planned socialist economy. We do not find it in political economy textbooks. The methods used to calculate the production capacities of enterprises are very approximate and imprecise and do not by any means embrace the entire production potential of a facility. The methods of used in the certification [passportizatsiya] of enterprises are imperfect and static. In their present form, these methods cannot serve as the real basis for devising truly intensive, substantiated plan targets. There is still a large field of activity in this area to which the attention of economic theorists and practical workers should be directed.

I propose that the words "There is a need to steadily improve the methods of operational accounting and analysis of the development of the production capacities of associations and enterprises, to raise the scientific substantiation of plan targets on this basis, and to steadily increase the activism of labor collectives in the search for and realization of reserves for significantly improving the utilization of the production potential/" be inserted after the phrase "The center of gravity of all operational and economic work at the local level must be in the work collectives" (Part II, Section II, item 3) as a supplement to the provision on increasing the effectiveness of planning in the draft of the new CPSU Program.

[S. S. DZARASOV] (professor, doctor of economic sciences). We believe that the center of gravity in the examination of the Basic Directions should be shifted to sources and factors that ensure the successful fulfillment of the tasks posed in them. From this point of view, the document under discussion possesses certain reserves for improvement.

The Basic Directions correctly indicate the need to increase the efficacy of economic levers and incentives for fulfilling plan targets, for strengthening

cost accounting at all levels of production. However, from our point of view, limited measures are envisaged in the capacity of specific means for increasing the effectiveness of cost accounting, economic levers and incentives. It is true that cost accounting interrelationships must to a greater degree be "based on five-year plan targets and established economic norms" and on the improvement of prices and credit-finance relations.

Similar tasks have been posed in the documents of the preceding five-year plans. There has been no breakthrough in the proper direction. It seems to us that, considering the experience of the past, it is necessary to pose the task of /raising the purchasing power of the ruble/. Accordingly, Gosplan, Gosbank, the Ministry of Finance, the Ministry of Trade, and other branches and departments should be obligated to devise a specific program for resolving this problem as a component part of the five-year plan. The ruble must become weightier. Without this, measures for strengthening cost accounting and for raising material incentives do not yield the necessary result. It is not money in itself, but the goods and services that money buys that make people interested in their job. Naturally, there must also be a corresponding labor remuneration system that creates a direct dependence between labor productivity and wages. Therefore, Section III of the Basic Directions should contain the following provision: "/To secure the relatively more rapid growth of labor productivity compared with the growth of wages, to secure the direct dependence between labor and its remuneration, and higher differentiation in the remuneration of labor in accordance with the quantity and quality of labor/."

In our opinion, the merit of the proposed formulation is that it specifically refers to concrete directions of improvement of the remuneration of labor that ensure the relatively more rapid growth of labor productivity. Understandably, the growth of labor productivity is a necessary condition for increasing consumer goods and raising the purchasing power of money.

There is one more extremely important circumstance. The Basic Directions determine the growth of labor productivity in the most important branches of the national economy. But this does not reveal the degree of growth of labor productivity in the two departments of social production. In order to overcome the present disparity between goods and money, it is most important that labor productivity surpass the growth of wages significantly in branches that produce consumer goods and that expand the sphere of services performed for a fee.

In this regard, there arises the question of the substantiation of the Basic Directions' target of doubling social consumption funds. At the same time, it is also important to develop the sphere of paid services and to improve their quality. As long as labor remains a source of earnings, it is necessary to stimulate workers through improvements in the system of wages and other rewards.

Man must have the possibility to spend his wages to acquire the goods and services he requires. The excessive growth of savings is not justified under our conditions. Money under socialism functions as a means of circulation and of payment for goods and services. When this possibility is limited, money is

used for other purposes that undermine the socialist way of life. Therefore the closing of all channels and loopholes for obtaining unearned income is an important measure for strengthening Soviet money and its beneficial impact on the economy. In this regard, it would be important to point out the need for society and its agencies to exercise closer oversight over the sources of money incomes of all strata of society.

[A. B. MASALSKIY] (candidate of economic sciences; deputy chief, subdepartment, USSR Gosplan). In 1985, the CPSU Central Committee and the USSR Council of Ministers approved the Comprehensive Program for the Development of Consumer Goods Production and the Service Sphere in 1986-2000, which is a component part of the Basic Directions. The expansion of the production and mix of consumer goods, the improvement of their quality, and the acceleration of the development of the service sphere must promote the more complete satisfaction of the Soviet people's growing needs. The new Section VII "Development of Consumer Goods Production and the Service Sphere" has been prepared for the first time as part of the draft of the Basic Directions. This section, like measures in the section "Development of the Agro-Industrial Complex and the Implementation of the Food Program," are closely and directly intertwined with questions relating to the further raising of the people's living standard. Therefore, it would be more logical if these sections directly preceded Section X "Social Development and Raising the People's Living Standard" of the Basic Directions.

In accordance with the Comprehensive Program for the Development of Consumer Goods Production and the Service Sphere in 1986-2000, the State Plan for the Economic and Social Development of the USSR in 1986 for the first time in planning practice introduced the new section "Development of Production and the Realization of Consumer Goods and the System of Consumer Services" which includes targets for USSR ministries and departments and councils of ministers of union republics pertaining to the production of nonfood commodities, retail trade and paid services. The structure of the section is still far from perfect. Thus, it does not establish ceilings on state capital investments and the volume of delivery of basic types of material-technical resources for the development of the production of goods and services and does not set targets for a number of USSR ministries and departments in rendering "specialized" types of paid services, e. g., the USSR Ministry of Culture, the USSR Sports Committee, USSR Gosbank, and the USSR Ministry of Justice. Work is presently in progress to improve the structure of that section. At the same time, the Basic Directions should draw upon the positive experience derived from working on the structure of this section in the state plan for 1986. The problem of not only increasing the production of goods but also of increasing their sale applies predominantly to nonfood commodities. Therefore, targets pertaining to the volume of retail trade should be included not in Section X "Social Development and Raising the People's Living Standard," but in a new section "The Development of Consumer Goods Production and the Service Sphere." This will give the section a more finished appearance and its "commodity production-sales" sequence will be logical.

[V. D. RAKOTI] (candidate of economic sciences; deputy chief of department, USSR State Committee for Labor and Social Problems). The 12th Five-Year Plan calls for higher economic growth rates and a higher degree of economic

effectiveness. The entire system of economic levers and incentives, including labor remuneration, the bulk (90 percent) of which consists of payments from the wage fund, must be geared to the attainment of this objective. The relationship between the wage fund and performance will largely depend on the degree to which work collectives are motivated to mobilize internal production reserves and to struggle for the fulfillment of the established plans.

The new management methods that have been put into practice starting in 1984 require substantial change in the procedure for forming the wage fund. The stabilization of the norms for increasing the fund and the guarantee that the work collective will retain savings on wages have given well-functioning enterprises broad opportunities to reward deserving workers.

At the same time, we do not believe that the procedure for forming the wage fund fully corresponds to the tasks of the 12th Five-Year Plan and especially the task of raising growth rates and accelerating NTP [scientific-technical progress]. In order to sharply increase the intensification of production and to make more complete use of qualitative economic growth factors, we must orient work collectives toward modernizing the product mix and productive capital on the basis of progressive machinery and technology. The present procedure for planning the wage fund makes it possible to increase its size (quite considerably) without increasing the volume of production but rather maintaining production at the same level while reducing the size of the work force since all savings on the wage fund are left at the disposal of the work collective. Moreover, the practice of planning the wage fund according to the size of the wage fund in the preceding year encourages enterprises to go on producing the same thing and to continue using old technology because the introduction of advances of NTP, new machinery and new technology usually entails the deterioration of technico-economic performance indicators in the initial stage.

Therefore, the procedure for forming the wage fund requires further improvement. We should first of all introduce one more norm--a norm that takes into account the lowering of the labor-output ratio and the concomitant reduction in the size of the work force based on the introduction of advances of science and technology. Let us imagine a perfectly typical situation: the work force at existing capacities is cut in half as a result of the introduction of new machinery and technology. The question arises: why then should the wage fund be retained in its totality? Ex post data of the 11th Five-Year Plan attest to the steady release of personnel from existing capacities. Taking into account the fact that the five-year plan has already been formulated, the resources by which the wage fund should be reduced according to the new norm should be used to increase the size of the norm established for increasing the size of the wage fund based on the increase in the volume of output. This would make it possible to roughly double this norm, which would have an appreciable impact on inspiring greater interest in growth rates. This would solve two problems at the same time in that it would give economic impetus to the acceleration of scientific-technical progress and would generate more interest in attaining higher growth rates.

The activation of qualitative economic growth factors presupposes a much closer bond between the wage fund and performance. The given decision

(measure) may therefore be an intermediate stage in the improvement of the procedure underlying its formation. The application of the basic fund does not entirely agree with the principle that the wage fund is formed in accordance with the labor-output ratio. At a time when the product mix is updated more frequently, the determination of the greater part of the wage fund on the basis of last year's labor-output ratio does not encourage innovation in production. The answer may lie in wage norms per unit (or ruble's worth) of output in physical terms. At the same time, they must be differentiated so that they will be higher in the initial period of assimilation of new machinery and technology and will be lower in the subsequent period.

Section XIV of the draft of the Basic Directions should accordingly be supplemented with the following provision: "/There must be further improvement in the procedure for forming the wage fund in order to raise its role in stimulating the growth rate of output and in accelerating the introduction of advances in science and technology/."

[V. V. KISTANOV] (professor, doctor of economic sciences; sector chief, Council for the Study of the Productive Forces under USSR Gosplan). At the same time that the party indicates ways of accelerating socioeconomic development, it attaches must importance to the implementation of structural policy and, consequently, to improving branch and territorial planning and management.

Territorial complexes of varying scale form and develop in accordance with branch structures: at the lowest level--the economy of cities and administrative regions, industrial centers, many territorial production complexes; at the middle level--economic complexes of oblasts (krays, ASSRs, small union republics); at the highest level--large-scale interoblast (economic regions) and interregional economic (consolidated economic regions) national economic complexes. However the redefinition of the structure and the organizational formulation of this system in accordance with the new tasks of national development are still far from complete. For example, when people talk about Siberia, they naturally think about the grandiose long-range problems of both all-union and worldwide significance that are being addressed in this vast territory. And yet this region has not been zoned for economic planning purposes. Or let us take the oblasts of the Russian Federation. They differ tenfolds in population size and production potential and do not by any means correspond to actual economic complexes, which makes it difficult to combine branch and territorial approaches to planning in practice. Moreover, economic regions have no organizational status whatsoever.

Important measures adopted in recent years have unquestionably increased the economic and social activity of republic agencies and local Soviets. At the same time, it is obvious that the improvement of the territorial planning and distribution of the productive forces in the interest of intensification and the rise of the growth rate and effectiveness of production presuppose not only the rationalization of its methods and indicators, but also of the nation's system of economic and administrative divisions. And this requires that the system correspond to the organizational and branch structure. It in particular demands that the principles of systematicness, scale,

problematicness, and high effectiveness be observed for both structures. After all, the integration of the economy affects both the branch and territorial aspects of the single process of the social division of labor and the corresponding social organization of production. This is why the demand advanced by the draft of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 to improve the planning of the integrated economic and social development of territories should be considered in close relationship to two other important provisions of that document: to secure the /unity/ of branch, territorial and program planning and to improve the organizational structure of management at /all/ its levels and in /all/ elements of the national economy.

The improvement of the territorial and organizational structure on a scientific basis also presupposes that it will be based on improved economic zoning at all levels. This will be the basis for defining planned zoning and administrative-territorial divisions more precisely. A more consistent system of large and small territorial structures will permit the better combination of the realization of large, long-range (strategic) tasks with current (tactical) tasks at various levels (echelons) of economic management.

In the interest of improving the organization of branch management, the Basic Directions call for the refinement or development of new master plans for the management of branches of the national economy and industry. This must obviously be followed by reform of the territorial system of planned management.

Accordingly, the part of Section XIV of the Basic Directions that discusses the improvement of the management of the economy of union republics should include: "/to provide for the preparation of systems for improving planned economic zoning and administrative territorial divisions under the 12th Five-Year Plan./"

[V. F. PAVLENKO] (doctor of economic sciences). The draft of the Basic Directions that will be approved by the 27th CPSU Congress has its own unique features. First of all, it will be examined simultaneously with the new Party Program. Hence the demand that it correspond to the Basic Directions. The October (1985) Plenum of the CPSU Central Committee noted that the draft for the most part answers this demand. To all appearances, this correspondence is the objective basis for the unanimous approval of the draft by the Soviet people. The second feature is the expansion of the time horizon of the Basic Directions: they have been developed for a 15-year period unlike the previous directions that covered a decade. The main parameters of development of our country at the turn of the century are thereby determined and broad perspectives are opened up for our economic strategy.

The October Plenum emphasized that the discussion of the pre-congress documents must be businesslike and constructive. I would like to make the following concrete proposals in this regard.

As is known, capital construction is one of the lagging branches that impedes the development of the national economy as a whole. For many years, none of the general construction ministries fulfilled their plans for contractor-

performed work. As a result, facilities were not commissioned on schedule and projected increases in the production of many types of products were not achieved. Therefore, it seems necessary to discuss capital construction more specifically and in greater detail. In Section III, which formulates the basic tasks for the 12th Five-Year Plan, the paragraph on reconstruction and technical retooling should be prefaced by the following as one of these tasks: "/Overcome the long-standing lag of capital construction by securing the unconditional fulfillment of measures, of plans for commissioning fixed capital, production capacities and facilities/."

The second paragraph of Section IX, which is devoted to capital construction, should also be supplemented by the following words: "/To secure the relatively more rapid rate of increase in the activation of fixed capital compared with capital investments and dramatic improvement in the construction of production facilities." The Basic Directions must be oriented toward the fulfillment of the principal indicator used to evaluate performance in capital construction and not only toward the utilization of capital investments.

The draft of the Basic Directions poses the task of increasing the degree of integration of development and the specialization of the economies of both union republics and economic regions and of increasing their contribution to the resolution of all-union problems. This seems very correct and timely. Economic regions of various ranks are the most perfect form of socialist territorial organization of the productive forces. We know how much attention V. I. Lenin devoted to economic zoning. It has also been repeatedly discussed in the decisions of higher party organs; in the early sixties, the CPSU Central Committee and the USSR Council of Ministers approved the composition of economic regions of the USSR, which are presently used in the planning of the national economy today as well. However, attention in this question has waned in recent time. In our view, the lack of effective forms for managing the development of economic regions and corresponding organizational structures should be considered one of the objective reasons for this situation. It is therefore very important to realize the task advanced in Section XIV of the draft of the Basic Directions on improving the planning of their economy. It is desirable to speak in more specific terms, to instruct USSR Gosplan to prepare well-conceived proposals with due regard to the experience of previously active planning commissions of USSR economic regions and representatives of USSR Gosplan at the local level.

But the planning of the development of economic regions is feasible only if their composition and boundaries are substantiated. Only then can proper proposals be formulated regarding the improvement of intraregional specialization and cooperation in production, the rationalization of interregional transport and economic relationships, etc. Accordingly, two important changes were recently made in economic zoning: the Northern Economic Region was separated from the Northwestern Region and the Bashkir ASSR (which had previously belonged to the Volga Region) was incorporated in the Ural Region, which consequently became economically more whole and territorially more compact. Nevertheless, there are still economic regions in the USSR that are very large in area and, most importantly, are very heterogeneous with respect to the basic criterion--specialization in the all-union economy. This applies first and foremost to the West Siberian region,

the northwestern part of which is the site of the country's largest oil and gas base. Around it has formed a mighty territorial production complex that can be regarded as the nucleus of a new economic region in the USSR (the Northwest Siberian region, the Ob-Irtysh region). There are also other urgent questions in this regard. Therefore, the last part of the paragraph on the role of Gosplan in Section XIV of the Basic Directions should be amended as follows: "/To improve the economic zoning of the nation and the economic planning of large economic regions and territorial production complexes/."

[M. BAKHRACH] (candidate of economic sciences; senior scientific associate, TsENII [Central Scientific Research Institute of Economics]). I believe that the time has come to make the transition from planning the territorial development of isolated branches to the management of the rational siting of production on an interbranch basis in union and autonomous republics, economic regions, krais and oblasts.

The implementation of this proposal will mean qualitative progress in the state's management of the distribution of the productive forces through consolidation and hence the reduction of the number of branches coupled with a simultaneous increase in the number of centrally planned regional subdivisions. The number of production management structures interacting with union and autonomous republics and local authorities will be reduced and will correspond to the number of links in interbranch production complexes in a given republic or region.

This does not mean the absolute ignoring of branches as the result of the development of the social division of labor. The experience of USSR Gosplan in the last two five-year plans has shown that the centralized planning of the territorial development of industrial branches has made it possible to improve their distribution and to promote the territorial specialization of republics and regions to a certain degree. We therefore believe that Section XIV of the Basic Directions of the nation's economic and social development should state: "/To secure the unity of interbranch, territorial and program planning. To raise the level of planning of branches of production and the nonproductive sphere. To improve the planning of integrated economic and social development of union republics and regions of all levels and scales/."

[L. A. KOZLOV] (doctor of economic sciences; director, Central Scientific Research Institute of Economics). The draft of the Basic Directions formulated the task of improving the territorial structure of social production, securing the rational combination of economic and social development in every union republic and every economic region, and improving their interaction in the country's unified national economic complex.

The realization of the given task requires the considerable improvement of the entire system of pre-plan substantiations of the prospective development of the nation and its individual regions and closer interaction of pre-plan documents and plans. In the present stage, this system includes the following basic elaborations and documents: the Comprehensive Program for Scientific-Technical Progress in the USSR, plans (master, branch and territorial) for the development and distribution of the productive forces, basic directions of

economic and social development of the nation, state plans (five-year and one-year) for economic and social development, and comprehensive target programs.

The strengthening of the interrelationship of long-range forecasting, perspective and current planning requires the more precise division of functions between each of the cited stages of pre-plan and plan critiques on the one hand and the establishment of their integral interaction on the other.

Most important among the broad range of problems on which the necessary unity is lacking are such problems as the elaboration of general methodological principles, the coordination of goals, systems of indicators and tools for comparing the effectiveness of variants and measures for rationalizing the territorial structure and the distribution of the productive forces of the nations and its regions. Thus, developers of the Comprehensive Program for NTP characteristically strive to give it the character of purely scientific work without sufficiently taking into account the demand to use the materials of the program in drafting the plans. At the same time, planners would like to "see" in the Comprehensive Program virtually the entire plan with a full list of indicators. Such an approach is not legitimate to our way of thinking. One of the important tasks of the Comprehensive Program of Scientific-Technical Progress is evidently to provide a scientifically substantiated and sufficiently broad complex of new technologies and other scientific-technical measures that may be realized in the forecast period, together with the necessary evaluations of the economic effect. The formulation of a specific list of future comprehensive scientific-technical target programs must be an important result of this work.

The most important part of plans for the development and distribution of the productive forces is a list of facilities (scientifically substantiated from a broad national economic standpoint) recommended for new construction, reconstruction or technical retooling. In the process of substantiating the list of such facilities, planners must draw on a complex of technologies that has gone through the "crucible" of substantiations in the program of scientific-technical progress. When drafting plans, planning agencies use the materials of the Comprehensive Program of Scientific-Technical Progress to formulate sections of the plan for the development of science and technology, scientific-technical programs, and corresponding indicators of technical substantiations of measures for the intensification of production in their branch sections. Lists of facilities approved in the plans are used by planning agencies as scientifically substantiated material in the formulation of title lists of capital construction, reconstruction and technical retooling.

The problem of creating a noncontradictory and reliable system for evaluating the economic effectiveness of compared technological variants in the NTP program and in the distribution of the productive forces in the respective plans plays a most important part in the attainment of the necessary unity in the system of pre-plan and plan substantiations.

The present pricing practice that is the basis for calculating effectiveness is based on the cost principle; prices are as a rule oriented not toward socially admissible costs rather than their actual level. There is also a

procedure under which the plan is compiled on the basis of prices that are established in isolation from the plan even before the plan is drafted. This procedure amplifies the distorting influence of prices on the choice of optimal variants. The system of prices that is based on actual costs in the past is particularly "disorienting" in long-term calculations of the comparative effectiveness of variants. One of the most important prerequisites to improving the territorial structure and rationalization of the distribution of the productive forces in this regard is the substantial improvement of pricing principles and methods and especially the transition to pricing based on the actual cost level attained before the compilation of the plan, to pricing based on the more complete consideration of the socioeconomic effect of one or another product in the consumption sphere under the conditions of the plan period. Only in such a case can there be reliable guideposts that make it possible to determine directions of scientific-technical policy and progress in the distribution of the productive forces in such a way as to attain the highest final national economic results.

As in other areas, the human factor is of no small importance in improving the territorial structure. The reference is to a certain level of economic thinking on the part of those specialists who elaborate, examine and realize all elements of the aforementioned system of substantiations.

Taking this into account, there must be the appropriate restructuring of the system of retraining and advanced training of cadres already working. On the other hand, it is also important to secure the influx of young specialists possessing broad economic thought based on the national economic approach into agencies responsible for managing the national economy. The time has come for the nation to re-establish a special VUZ (by analogy with the previous Planning Institute or the Moscow State Economics Institute) to train broadly specialized economists, including experts on the distribution of the productive forces and territorial planning for work in the system of planning agencies at various levels (USSR Gosplan, gosplans of union and autonomous republics, kray (oblast) planning commissions, city (rayon) planning commissions, and the nation's corresponding scientific organizations.

At the present time, the training of planning specialists is dispersed over a large number of VUZs and faculties, which does not ensure the training of specialists capable of making planning decisions based on the national economic approach.

[A. E. KOTLYAR] (professor, doctor of economic sciences; department chief, Central Scientific Research Laboratory of Labor Resources). The precise division of labor and cooperation in labor and the subordination of the organizational structure to the final result is a necessary condition to the effectiveness of the economic cell at any level and the corresponding aggregate work force. The creation of USSR Agroprom (oriented not toward intermediate results (from the standpoint of social needs), but toward the final results), which oversees the most important economic relationships relating to the technological processes that culminate in the final product, is an example of the practical realization of these principles. However, in most branches of industry, the branch system of management is constructed not in accordance with the technological process, but "subdivides" it and "runs

counter to" technological chains. For example, the USSR Ministry of the Automotive Industry, guides the work of a number of associations: AvtoZIL, AvtoVAZ, KamAZ, etc. An aggregate work force, that unites a precise system of division of labor and cooperation in labor into one, operates within the framework of each association. However, these collectives are connected with one another only because they are all subordinate to the same ministry since they are links in different technological chains. The activity of these associations depends to a decisive degree not on analogous enterprises of their own ministry, but on the suppliers of metal, components, varnish and paint application equipment, etc., most of which belong to other ministries. As a result, a large part of the decisive production ties are outside the ministry's control, and the aggregate work force that is united into one by the division of labor in the technological chain is in actuality uncontrollable. At the same time, the aggregate work force of the enterprises belonging to the given ministries (main administrations, etc.), being such only formally to a considerable degree does not secure the further socialization of labor capable of creating a new productive force.

While branch ministries in their present form do not have at their disposal enterprises with technologically conditioned cooperation in labor, they nevertheless are economic systems that are vested with substantial authority. But with the given organization of management, this authority is to a considerable degree not used in the interest of improving social production. In most instances, enterprises (associations) are not responsible to the customers for their products, but instead are responsible to higher-level links in the branch system of management. Is this not the reason why the concern is not so much for product quality and product mix as for indicators? The existing organizational system of management to a considerable degree hinders the effective realization of the advantages of public ownership of the means of production and the creation of an effective economic mechanism.

In order to eliminate these shortcomings, we believe that it is necessary within the framework of the economic experiment to establish economic formations and firms in the form of enterprises that are interconnected as sequential links in the technological chain for the production of the final product. In the process of determining the concrete structure of such organizations, we should also study foreign practice in which one organizational form commonly embraces all or a considerable part of a technological chain.

With the aim of elaborating measures for intensifying socialist cooperation in labor and, on this basis, of attaining the highest degree of labor productivity, Section XIV ("Improving the Management of the National Economy") of the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 should include the provision: "/To improve the system of industrial management. To experiment on the transformation of associations into single firms and combines of sequentially interconnected production facilities culminating in the production of the final product.

[V. D. MASHENKOV] (professor, doctor of economic sciences; deputy director, All-Union Scientific Research Institute of the Economics of Agriculture).

Among the tasks posed in the draft of the Basic Directions, the acceleration of the growth rate of labor productivity in agriculture, taking into account the fact that the USSR continues to lag as yet behind a number of the most highly developed capitalist countries with respect to this indicator and that its growth rates have declined in recent years, is of particular importance.

Research shows that the further rise of labor productivity in the branch is associated with the more complete realization of the complex of technical and technological, biological, organizational-economic, and social factors. In particular, the following will be important: the further equipment of agriculture with productive fixed capital, since it has not as yet attained the normative requirement; the further introduction of industrial technologies both in branches of crop production and in animal husbandry; and the development of progressive agricultural systems on all farms.

The more complete utilization of biological factors of scientific-technical progress that raise the yield of agricultural crops and increase the productivity of livestock. In crop production, this primarily means expanding the area planted with high-yield, zoned seed strains; the application of both mineral and organic fertilizers; the widespread use of chemical plant protection and pest control agents; and the further development of land reclamation. In animal husbandry--the diffusion of new strains of livestock, the more complete utilization of the genetic potential of existing stock based on more generous feed rations balanced with respect to protein and other ingredients.

At the same time, the more complete utilization of organizational and socioeconomic factors, including the specialization of production; the better utilization of machinery and equipment; the better organization of labor, management, and material and moral work incentives; the introduction of cost accounting; improvement of the skill level of the labor force; and the general intensification of the human factor are no less important for increasing the productivity of agricultural labor.

Therefore, the words "/using all possible biological, technical-technological, organizational, and socioeconomic factors for increasing it to this end/" should be inserted following the words "To raise labor productivity in the social sector of agriculture by 21-23 percent" in Section VI ("Development of the Agro-Industrial Complex and the Implementation of the Food Program") of the draft of the Basic Directions.

The draft of the Basic Directions correctly notes the need for labor productivity to grow faster than wages. In recent years, the growth rate of wages on kolkhozes and sovkhoses has surpassed the growth of labor productivity. During the 9th Five-Year Plan, labor productivity in the social sector of agriculture increased by 22 percent while wages rose 32 percent; under the 10th--14 and 27 percent, respectively; during 4 years of the 11th Five-Year Plan--6 and 20 percent. The faster growth of wages compared with the growth of labor productivity at agricultural enterprises has been occasioned by the pressing need to raise the level of pay of workers in this important branch to the corresponding level of other branches of the national economy. Average monthly pay of collective farmers rose 2.9-fold between 1965

and 1984; during the same period, the pay of sovkhos workers increased 2.4-fold and totaled 148 and 179 rubles, respectively. The average monthly pay of machinery operators on sovkhoses, for example, is now 220 rubles (on kolkhoses--181 rubles); the average monthly pay of animal husbandrymen is 188-222 and 161-202 rubles, respectively (depending on their occupational specialty).

As a result of the rapid growth rate of agricultural workers' earnings, their incomes now approximate the corresponding indicator in industry. The level of kolkhoz workers' real incomes per family member vis-a-vis the real incomes of blue- and white-collar workers rose throughout the nation from 75 percent in 1965 to more than 90 percent in 1984.

All this clearly shows that it is increasingly important to secure an optimal ratio of the growth rate of labor productivity to wages in agriculture. Accordingly, paragraph 9 of Section X of the draft of the Basic Directions should read as follows: "/To raise the average monthly pay of kolkhoz workers by 18-20 percent, making its growth contingent upon increased quantity and higher quality of agricultural output, the increased effectiveness of production and higher labor productivity/."

[I. G. USHACHEV] (doctor of economic sciences) and [YU. S. TKAL] (candidate of economic sciences). The fulfillment of the part of the CPSU program that pertains to the acceleration of the country's socioeconomic development entails the further improvement of management of the national economy.

A number of addenda should be incorporated in Section XIV ("Improving the Management of the National Economy") of the draft of the Basic Directions in order to increase the effectiveness of management in the resolution of the problems confronting the national economy. The words "/with relatively equal economic conditions of operation/" should be inserted following the words "securing the integral unity of their rights and obligations" in the paragraph that speaks of raising the role of science-production and production associations and enterprises. This is important, particularly in agriculture, where differences in the fertility and location of the land have a substantial influence on the end results of kolkhoz and sovkhos production.

A new sentence "/At the same time, the structure of management must be adjusted according to the structure of production which consists of progressive organizational forms/" should be inserted following "Improving the organizational structure of management at all levels and in all elements of the national economy."

In the sentence that begins "Taking into account the introduction of new methods of management and the expansion of the rights of associations, to re-define the functions and structure...", the words "of ministries and departments" should be replaced by the words "/of territorial and branch management/."

The following paragraphs should be included:

"/The formation of the apparatus of the organs of management and associations and enterprises subordinate to them to be carried out on the basis of the predominant orientation of its activity toward the acceleration of scientific and technical progress."

"/The new system of management must embrace all aspects in the activity of the objects of management at all levels and in all elements of the national economy/."

"/To introduce a system of material incentives for personnel in the management apparatus depending on their actual contribution to the end results of production based on the acceleration of scientific-technical progress/."

[G. A. MELIKYAN] (candidate of economic sciences; deputy chief, department, State Committee for Labor and Social Problems). A number of important measures have been instituted of late to improve the system of socialist management. These questions have been reflected in the draft of the Basic Directions. Nevertheless, the range of problems under review is confined to the upper echelons of management and to associations, enterprises and organizations. It is also necessary to consider the great importance of improving the system of management within associations, enterprises and organizations, of conveying the basic elements of the economic mechanism (especially cost accounting) to their structural subdivisions, of involving all members of the work collective in the effort to improve management and to make economical use of resources, and of expanding their participation in management. These questions were not reflected in the draft. Nor does the draft contain any manner of indications on the further development of proven collective forms of labor organization and work incentives or on the introduction of the principles of cost accounting and the collective contract in the work of brigades and other structural subdivisions of associations, enterprises and organizations. An appropriate point should be incorporated in the text of the Basic Directions.

The part of Section X of the Basic Directions that is devoted to improving wages poses the task of increasing the effectiveness of the labor remuneration system, of coordinating the remuneration of workers more closely with their labor contribution, and of decisively eliminating elements of egalitarianism. These tasks conform to the present situation in the remuneration of labor. However this is clearly not sufficient for the practical implementation of the party's conception of the acceleration of the nation's socioeconomic development. The labor remuneration system must not only embody the principle "to each according to his labor" but must also promote in every way the practical implementation of the socialist principle "from each according to his ability." The vast but not sufficiently utilized potential for the increase in labor productivity and for increasing the effectiveness of production is specifically connected with this. Therefore, the appropriate amendments must be made in the provision pertaining to the improvement of the remuneration of labor.

Our country devotes much attention to the introduction of the scientific organization of labor [NOT]. However, this usually refers to existing enterprises and production facilities. But it is no less important to take

the demands of NOT into account in the process of designing new and the reconstruction of existing enterprises and production facilities. This frequently results in a significant effect and promotes the correspondence between machinery and technology and the organization of labor and production. However, not enough attention is devoted to these issues as yet.

The following addendum should be incorporated in the part of Section III of the Basic Directions that is devoted to the introduction of the scientific organization of labor: "/To take into account the demands of the scientific organization of labor in the process of designing enterprises and production facilities, in the development of new machinery and technology./"

[M. S. LANTSEV] (doctor of economic sciences; deputy director, Scientific Research Institute of Labor). The humanism of the society of mature socialism is most vividly manifested in the way the state and all society treats the aged, invalids and children. The number of pensioners is steadily growing (at the present time, they total 55 million persons). The number of persons receiving various kinds of grants--pregnancy and maternity grants, temporary disability grants, child-support grants for low-income families, etc. (approximately 30 million persons). The level of support for the disabled is also steadily rising. The growth rate of spending in this area is faster than the growth rate of national income and the growth rate of social consumption funds. This trend will characterize the 12th Five-Year Plan and the entire period up to the year 2000.

The solution of many social as well as economic problems depends on the proper determination of the directions of development of the social security system. The draft of the Basic Directions articulates a broad program for improving social security, including higher pensions, the development of social services for the elderly and invalids, and the creation of optimal opportunities for the employment of pensioners. At the same time, in our opinion these provisions should be amplified. The elimination of differences in the social security of kolkhoz workers is a particularly important problem at the present time.

Differences in pensions for most kolkhoz workers--machinery operators, tractor drivers-combine operators, milking machine operators, feed shop operators, and specialists--have already been entirely eliminated compared with pensions for blue- and white-collar workers. Differences essentially remain not between the majority of kolkhoz workers and blue- and white-collar workers, but between kolkhoz workers themselves. Some kolkhoz workers working in the same brigade, on the same rig, in the same field, or on the same livestock farm receive their pension under the Law on State Pensions, while others receive their pensions under the Law on Pensions and Grants for Kolkhoz Members, many of the terms and norms of which differ from one another. Inequalities in pensions received by people belonging to the same kolkhoz are not justified either in economic or social terms. The resolution of this problem should not be prolonged beyond the 12th Five-Year Plan. We therefore believe that the Basic Directions should include: "/To eliminate differences in the social security of kolkhoz, blue- and white-collar workers/."

[A. SALIYEV] (vice-rector, Samarkand Cooperative Institute). The increased effectiveness of the activity of trade organizations depends in large measure on the development of their material-technical base. An important condition to this is to secure a rational correlation between the warehouse space of wholesale and retail organizations and storage space in stores. The structure of storage space in wholesale and retail trade has deteriorated in the last 20 years. While in 1964, only about one-third of all warehouse space was in the form of subsidiary space in stores, in 1984 the corresponding figure was approximately 47 percent. At the same time, there was a decline in the share of general goods warehouses of wholesale organizations (16.6 percent) and especially in the warehouses of retail organizations (12.5 percent). During 3 years of the 11th Five-Year Plan, the nation's retail trade rose by 7.1 percent while wholesale trade warehouse space increased by only 3.2 percent. The result was the reduced possibility of keeping records on and maneuvering commodity stocks in storage and the massive accumulation of commodity stocks at retail trade enterprises where their share accounts for 83 percent. This leads to the duplication of warehouse trade and technological operations and to an increase in the number of elements involved in the movement of commodities, which significantly increases costs and becomes a serious impediment to the introduction of mechanization and progressive technology.

The development of retail trade tends toward universalization, which requires the delivery of a broad mix of products and their renovation as frequently as possible. Accordingly, the warehouse form of supply of stores acquires ever greater importance. This form is only within the reach of large wholesale bases that have the possibility of forming a universal mix for every type of retail enterprise and of organizing its rhythmic delivery.

The methodology of long-range planning of warehouses must be improved in order to secure the effective development of wholesale trade's material-technical base. The existing methodology for forecasting the need for general commodity warehouses for cooperative trade is based on the determination of the volume of commodity stocks to be stored in warehouses and the requirement for warehouse space for the storage of a cubic meter of commodity stocks. The need for state trade warehouse space per 1000 urban population is determined. There is a methodological imprecision in this approach. It is impossible to determine the requirement for urban and rural warehouse space without taking into account the migratory flows of consumers in both directions. At the present time, for example, the rural population makes approximately 40 percent of its nonfood purchases in the city. Of course, it is essential to take measures to see to it that the rural population can buy everything it needs in its own locality or in the nearest large population center. However, improvements in transportation facilities, in production, cultural, service and other factors strengthen the population's rural-urban ties, which is an objective factors in the migration of purchasing flows in both directions. Therefore, the determination of the warehouse space requirement based on urban population size is imprecise. Cooperative trade methods should be used as the basis for the calculations: warehouse space should be determined on the basis of the volume of commodity stocks to be stored simultaneously.

The construction of large, one-story warehouses is expanding at the present time. However, the height of these buildings is frequently insufficient to

permit the use of sophisticated cargo-handling technology. Approximately 14 percent of the bases are less than 3 meters high; 48 percent--from 3 to 4.5; 20 percent--from 4.6 to 6.5 meters; 7 percent--from 5.6 to 6 meters; and only 11 percent--over 6 meters. What is more, the use of their space is extremely ineffective: the freight volume of wholesale wares is only 60 percent; the freight volume of retail trade warehouses is even lower.

The increase in the effectiveness of the commodity circulation sphere requires the accelerated introduction of advances of scientific-technical progress. The introduction of new, sophisticated machinery and equipment makes it possible to bring about a significant reduction in labor expenditures on storage and shipment, in losses of products, and to improve working conditions. At the beginning of 1984, the share of machinery and equipment in the productive capital of cooperative trade and public catering was approximately 10 percent, including only 3 percent in the form of vending machines. We have not yet organized series production of systems of machines for the organization of the movement of commodities, for the industrialization of warehouses, modern packaging materials, specialized motor transport, etc. One of the basis reasons for this is that the existing procedure for planning, organization and management is not oriented toward stimulating scientific workers, project planners and labor collectives based on the results of joint work, that the problem of integrating science and production, the creation of experimental bases for scientific research institutes and VUZs, the coordination of scientific research, etc., has not been resolved, etc.

The resolution of all the enumerated problems is very important for improving services to the population, for increasing the volume of trade, for the management of commodity resources, and for reducing losses of food and nonfood commodities. In our view, the provision in Section VII ("Development of the Production of Consumer Goods and the Service Sphere") on securing radical improvement in the work and in the rationalization of the siting of wholesale organizations in order to realize the uninterrupted delivery of commodities to retail trade in the Basic Directions of Economic and Social Development in the USSR in 1986-1990 and the Period up to the Year 2000 should be augmented with the provision /on the need to develop and strengthen the material-technical base of wholesale trade/.

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RESOURCE UTILIZATION AND SUPPLY

REVISION, ENFORCEMENT OF RECYCLING GUIDELINES PROPOSED

Moscow MATERIALNO-TEKHNICHESKOYE SNABZHENIYE in Russian No 12, Dec 85
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[Article by V. Odess, Secondary Resources Administration, USSR Gossnab:
"Put Secondary Resources into Circulation in Production"]

[Text] According to calculations by specialists, more than five billion tons of industrial wastes are produced in our country each year. At present over 50 billion tons have accumulated in dumping grounds and other places where storage is organized or not organized. They are taking up over four million hectares of land, which is suitable for agricultural use.

The greatest volumes of industrial wastes are in the hands of enterprises of the ferrous and nonferrous metallurgy, chemical, power engineering and coal industries. Thus, at the present time many hundreds of millions of tons of slag have accumulated at enterprises of the ferrous and nonferrous metallurgy industry, and there are several billion cubic meters of strip-mining overburden in the dumping grounds of the coal industry. There are also over a billion tons of cinders and slag stored in the dumps of the thermal-electric power stations. And at mineral fertilizer enterprises tens of millions of tons of phosphoric gypsum are discarded as waste material from production of phosphoric acid alone.

Direct expenses for maintaining the dumping grounds of only the industries cited amount to about 300 million rubles a year. Every year about 2,500 hectares of land is taken up by these waste materials, and a significant amount of equipment, transport, energy and labor resources are diverted for their upkeep.

At the same time it is well-known that the majority of the tailings from the mineral extraction industry can be utilized for production of construction materials, which under these circumstances requires significantly lower capital investments and current expenses. For example, production costs for crushed rock from tailings are from two to two-and-one-half times lower than that extracted from quarries. At the same time, ferrous and nonferrous metals and other valuable resources could be extracted from many kinds of tailings which have accumulated in the dumping grounds.

According to data from USSR Gosgortekhnadzor [State Committee for Mining Engineering Inspection], in the Urals and North Caucasus alone more than four billion tons of wastes have accumulated, suitable for production of construction materials. At the very same time there are about 800 small departmental quarries in operation in these regions for extraction of similar types of raw materials. For example, in Volgograd Oblast, where more than 40,000,000 tons of tailings have accumulated, there are about 100 quarries in operation, which are producing more than 9,000,000 tons of non-metallic materials. The situation in Chelyabinsk Oblast and others is similar.

In recent years the party and government have defined a number of major measures directed toward intensifying a policy of economy. Among these, a special position is given to more actively bringing secondary resources into circulation in the economy as replacements for primary raw materials. Improvements have been made in planning and accounting, and a normative base and organizational bases have been established for collecting and processing secondary materials in industry and in construction.

In accordance with the decree of the USSR Council of Ministers "On Measures for Further Improvement in the Use of Secondary Raw Materials in the National Economy" of 25 January 1980, in 1981 a special section, "Use of Secondary Raw Materials" was made a part of the state plans for the economic and social development of the USSR, and also a part of the plans of ministries and departments, union and autonomous republics, krais, oblasts, cities and rayons, enterprises and construction projects. In accordance with the decree cited, the plans specify both the indicators which reflect the volume and assortment of secondary raw materials suitable for procurement and recycling and the products produced with the use of these raw materials, and indicators which ensure the creation of the necessary material-technical base for the procurement, processing and recycling of waste materials from production and consumption, to include conducting scientific research and technological design work for the purpose of preparing new kinds of equipment and technological processes for making more effective use of the waste materials. Thus, for the first time secondary raw materials have become the subject of centralized state planning, and the indicators which determine the use of these raw materials have become a mandatory element of the plans at all levels of management of the economy. Primarily these concern indicators for procurement, delivery and use of secondary raw materials.

In the State Plan for the Economic and Social Development of the USSR for 1981 a task for supplying and using secondary raw material has been established for 60 ministries and departments and for all union republics. In comparison with the previous year, significant growth is envisaged for recycling of secondary resources--to include broken glass, scrap lumber, secondary polymer raw materials, worn-out tires, and cinder-slag tailings.

Throughout the country as a whole, as a result of the use of secondary raw materials, during the current five-year plan savings in primary raw materials will amount to nearly 48 billion rubles. In many branches plans have been made for steady growth in the volume of recycled wastes. For

example, this year 700,000 tons more waste paper will be put into circulation than in 1980. Use of scrap lumber will be increased by 17 million cubic meters, and use of metallurgical slag will increase by 14 million tons.

At the same time one must take note of the fact that not yet all the indicators stipulated in the aforementioned decree are finding practical reflection in the plans for the economic and social development of the USSR, or in branch and republic plans, which undoubtedly reduces the influence of the plan on improving the use of secondary material resources. This, among other negative features, is pointed out in the CPSU Central Committee decree "On Serious Shortcomings in the Use of Secondary Material Resources in the National Economy," published 8 December 1984.

The makeup of the indicators included in the section, "Use of Secondary Raw Materials," in the State Plan for the Economic and Social Development of the USSR, as well as in branch and regional plans, requires reexamination for another reason as well. In accordance with decisions of the party and government, commencing in 1986 enterprises of all machine-building and a number of other branches will switch to the new methods of management. A strictly limited and fixed range of indicators, in which planning indicators for the use of secondary raw material are currently lacking, may be established from above for their associations and enterprises.

In these circumstances, in our opinion, it would be expedient to implement the planning of the processes of gathering, reprocessing and delivery of industrial wastes within the framework of that group of indicators which are defined under the conditions of the large-scale economic experiment. Specifically, the indicator which determines the end results of work with secondary raw materials in the national economy--output of certain kinds of industrial and building products with the use of such raw materials--could be singled out within the framework of the indicator for "Manufacturing of Products in Physical Terms" as well. The total volume of products produced and delivered with the use of secondary raw materials could be reflected in the indicator, "Volume of Product Sales by Industrial Associations (Enterprises)".

Use of the latter indicator is made easier by the fact that at the present time the directive instructions published by USSR Gosplan, USSR Gosstat, and USSR TsSU [Central Statistical Administration], "On the Procedure for Planning and Accounting for Production Manufactured from Local Raw Materials and Waste Materials," specifically states what may be included among such products. It is stipulated that products manufactured with the use of waste materials at enterprises and associations which have switched to the new economic conditions also include such articles, whose total production costs in terms of raw materials and supplies expended for their manufacture includes 10 percent or more industrial waste materials. At the same time articles whose manufacture involved use of 10-50 percent industrial wastes are included in the volume of products made from industrial wastes depending on the ratio of waste materials to the overall cost of raw materials and supplies expended for manufacturing the articles. For example, where the

cost of raw materials and supplies includes 15-20 percent waste materials, 20 percent of the corresponding articles is included in the volume of production from waste materials; where the proportion of waste materials is from 40-45 percent, 70 percent may be included.

Articles in which the proportion of waste materials in the cost of raw materials and supplies amounts to 50 percent and more are included in the volume of production from waste materials at full cost; moreover, such production is considered in planning and accounting for all enterprises and organizations, including those which have not switched to the new economic conditions. The directive instructions have also determined that the volume of products manufactured from waste materials includes the cost of consumer goods and products for industrial production purposes, made from commercial waste materials, and from waste materials from production and consumption.

Whereas the definition of the concept of waste materials from production and consumption was provided previously in GOST [All-Union State Standard] 25946-81 [Resources, Material, Secondary, Terms and Definitions], developed by VIVR [probably, All-Union Scientific Research Institute for the Use of Secondary Resources] and the Secondary Resources Administration of USSR Gosstat, the definition of commercial waste materials with respect to their essential nature as resources is, so far as we know, provided for the first time. In accordance with this definition, commercial waste materials pertains to remnants of raw materials, supplies and semi-finished products, formed in the production process, which have not lost their initial characteristics, and which are suitable for further processing under conditions of reduced requirements for their geometric dimensions and aggregate condition. Thus, the basic feature which permits distinguishing commercial waste materials from waste materials from production and consumption is that the latter have completely or partially lost the initial marketable characteristics of the raw materials, materials and articles, as the result of the reprocessing or operations by which the given waste materials took shape. This is also important because of the fact that the procedure for singling out resources from commercial waste materials for the consumers has its specific features and requires additional justification and calculations for the requirements.

Considering the fact that putting waste materials from production and consumption into circulation in the economy is one of the major factors in achieving economies in material, energy, financial and labor expenditures, it seems proper to include the proportion of reductions achieved by means of use of secondary raw materials in the indicator "Reduction of Expenditures per Ruble of Commodity Production."

And finally, it is time to fully implement the existing decisions from the directive organs on allocating to the consumers the funds for material resources in consideration of the established tasks for gathering and using secondary raw materials. It seems to us that this task should be carried out in parallel in two directions. First, when allocating funds for material-technical resources, to determine the volume of needs for a given type of resources which will be satisfied by virtue of the secondary raw materials. For example, the requirement for wood materials for production

of particle board should be completely covered by scrap wood resources. And only when there are not enough wood scraps should industrial logs and other kinds of wood raw materials be allocated for these purposes.

Secondly, while monitoring the course of fulfillment of the plan for production, for realizing funds for raw materials and supplies, and for fulfilling the assignments for recycling the industrial wastes, the supply and sales organizations must put a stop to delivering the corresponding kinds of products for industrial-production purposes when the consumers have not fulfilled their assignments for use of secondary raw material. For example, delivery of soda ash to container glassware enterprises should be halted if they are not making sufficient use of broken glass; and cellulose should not be supplied to paper and cardboard carton enterprises when they have not fulfilled their plans for recycling waste paper.

One must also take into consideration the fact that the possibilities for utilizing secondary resources are also not being fully realized because of the frequent refusal of the resource holders and consumers to make use of the secondary resources allocated to them, and their inclination to make wider use of primary resources which are in short supply. In 1983 alone, receipt of 56,500 tons of waste paper was turned down; and matters were no better last year.

Consumer enterprises which are turning down the funds allocated and are declining to accept contracts for delivery of raw materials are taking advantage of the right granted by Point 16 of the Statute on Delivery of Products for Industrial-Production Purposes, according to which the consumer may refuse the products allocated to him.

Such a right, while it is rational for delivery of primary products, is not always justified for deliveries of secondary raw materials, thereby retarding their use and reducing the possibilities for savings in primary raw materials and supplies. It should be established that associations and enterprises which may utilize secondary material resources in their production activities do not have the right to refuse them as resources nor to turn down contracts for delivery of the appropriate kinds of secondary raw materials and supplies.

If the refusal to accept the allocated secondary resources is found to be unjustified (specifically, when the purchaser uses primary raw materials and supplies in place of secondary resources), the purchaser is obligated to conclude an agreement with the supplier in accordance with the order given. When the purchasing association (enterprise) evades concluding an agreement, an arbitrating authority should require it to do so and impose a fine for unjustifiably evading concluding an agreement.

For the purpose of establishing the necessary organizational and normative bases for working with waste materials from production and consumption, branch "procedures" have been worked out in 70 branches of the national economy, and have been coordinated with and approved by USSR Government; in 25 branches, branch standards have been worked out for gathering and utilizing secondary raw materials. The basis for their development was the decree of

the CPSU Central Committee and USSR Council of Ministers on strengthening the policy of economy, and also the Decree of USSR Gosnab of 17 February 1982, "On the Procedure and Normatives for the Collection, Sale, and Use of Secondary Raw Materials in the Branches of the National Economy."

In order to more fully bring out and make more effective use of secondary raw materials, since 1982 the waste materials from production and consumption at all organizations, associations and enterprises have been rated. Organizers of this work are the gosnab organs of the union republics and the main territorial administrations of USSR Gosnab, which on the basis of the results of the ratings, are supporting the sales of the waste materials brought to light. With the support of the local party and soviet organs, permanently-operating mobile displays of waste materials have been organized at which information is provided on the availability of secondary resources; the experience of progressive enterprises in gathering and reprocessing them is disseminated; and effective directions in the use of waste materials from production and consumption are described (At the present time such displays are operating in 11 union republic capitals, and in 22 kray and oblast centers in the Russian Federation).

With the active participation of USSR Gosnab, branch and regional special-purpose programs for the use of secondary raw materials are being developed. Such programs have been worked out at the USSR Ministry of Ferrous Metallurgy, at the USSR Ministry of the Petroleum Refining and Petrochemical Industry; in the Uzbek, Kazakh and Moldavian SSR's; and in Murmansk, Kuybyshev and other oblasts.

At the very same time there are a number of serious shortcomings in the work with secondary resources. Many ministries and departments are systematically failing to cope with their planned tasks. As a result, every year we expend significant amounts of ferrous and nonferrous metals, cement, commercial lumber, natural and chemical fibres, plastic and other kinds of primary raw materials and supplies in places where it would have been possible to utilize waste materials from production and consumption.

One of the main reasons for the low level of use of many kinds of waste materials is the lack of capacities for recycling them. The ministries are not allocating the necessary capital investments for these purposes.

Use of secondary raw materials has not yet become a matter of primary concern for the administrators of many ministries and departments. As in the past, they rely primarily on receiving additional resources from primary raw materials and supplies. Let's take for example the USSR Ministry of the Construction Materials Industry, which heads up a branch which has the capability of utilizing a significant amount of secondary material. Last year the ministry did not fulfill its task for use of the most important kinds of waste materials, with the exception of phosphoric gypsum. At the same time the ministry did not make use of more than a million tons of cinders and ashes from thermal electric power stations, 200,000 tons of slag from ironmaking, 15,000 cubic meters of waste wood products, 60,000 tons of broken glass, and 40,000 tons of secondary textile materials. This means

that instead of secondary raw materials the enterprises of the ministry spent additional funds for production of thousands of tons of cement, sand and gravel; more than 10,000 cubic meters of logs; and 15,000 tons of soda ash.

The situation is the same at the USSR Minlesbumprom [Ministry of the Timber, Pulp and Paper, and Wood Processing Industry], where they are not paying proper attention to using scrap wood materials and in connection with this are overexpending significant amounts of fresh timber materials. In spite of the fact that the plan for use of secondary resources for this ministry has been established at a level of slightly more than 60 percent of available waste materials, this task was not fulfilled in one single year of the five-year plan. With annual consumption of 50,000,000 cubic meters of timber in the cellulose-paper industry, only 7,000,000 cubic meters of scrap wood materials are used.

Minkhimprom [Ministry of the Chemical Industry] is not carrying out the government's decision on establishing capacities for recycling secondary polymer raw materials. Out of the capacities stipulated for 1980-1985 for recycling 80,000 tons of secondary raw material, capacities were introduced for only 14,000 tons. Moreover, available capacities for recycling worn-out polyethylene film used in agriculture are less than 50 percent utilized, and the ministry is taking no steps whatsoever to correct the situation. As a result only about one-third of the resources for such film, and sacks used for mineral fertilizer, are being recycled, and the remainder is tossed out. Minkhimprom is also making unsatisfactory use of other waste materials which are produced by the branch itself.

And all of this in spite of the fact that recycling of these materials provides a significant economic effect: the volumes of capital investments required would be lower by a factor of two to three than for manufacturing the products from natural raw materials; labor expenses and consumption of power and water would be many times lower; and--there would be significantly less pollution of the environment from the waste products.

It must be stated that the effectiveness of putting waste products into circulation could be calculated on a sounder basis, and the material interest of the consumer for their use in place of primary raw materials could be significantly increased, if the existing shortcomings in pricing and the existing procedure for price formation for secondary raw materials could be overcome. It is question of establishing the proper correlation of prices for interchangeable types of secondary and primary raw materials and supplies, taking into consideration the economic effect from the use of secondary raw materials, as well as the future needs of the national economy for certain types of material resources and the possibilities for satisfying them.

This can be demonstrated by the example of broken glass, which basically replaces soda ash in the container glass industry. Today the price of soda ash, in spite of the fact that it is in very short supply and a significant portion is purchased from abroad, is established in such a manner that it

is more advantageous for the enterprises of the USSR Ministry of the Construction materials Industry to purchase the soda than to purchase broken glass. Taking into consideration the coefficient of interchangeability, a ton of soda ash for container glass production costs 15 rubles, while the wholesale price of broken glass is 19 rubles a ton.

Such correlations of prices between primary and secondary raw materials are found for a number of waste products of large tonnage (primary and secondary polymer raw materials; primary timber raw materials, waste paper and wood materials, and so on). In our opinion, in such situations the price formation authorities must change the correlation of prices for interchangeable kinds of primary and secondary raw materials, primarily by means of adjusting the unjustifiably low prices for the corresponding kinds of primary raw materials and supplies.

And there is still another feature connected with the price for waste materials which could be utilized in greater amounts in the construction materials industry and in construction. We have in mind the tailings from the mining and the metallurgical industries: cinders, and the rock in which minerals are enclosed (which contains crushed rock, and substitutes for sand and chalk)--that is, all large-tonnage non-metallic construction materials. Today the cost for hauling them "eats up" the entire economic effect of their consumption. It turns out that it is much more advantageous to establish new quarries for non-metallic rock, laying waste to the land and precluding its use for agriculture.

For example, for many years several million tons of calciferous rubble, sorted by size, has piled up at the slate excavations in Kokhtla-Yarve, as the result of extraction of slate; but it has been impossible to make use of it outside the boundaries of Estonia, because transportation costs make it unprofitable and economically disadvantageous for use as construction material even in contiguous regions, and also because the Ministry of Railways refuses to furnish empty cars for such shipments.

Consequently, it is necessary to examine and resolve questions of not only adjusting prices for secondary raw materials, but also the rates for shipping them, in order that the prices would more actively influence an increase in the gathering, recycling and delivery to the consumers of waste materials from production and consumption.

Another factor which has an effect on material interest in primary use of waste materials is the fact that the Basic Directions for Planning, Accounting, and Calculating Production Costs for Industrial Enterprises (approved by USSR Gosplan, the USSR Ministry of Finance, the USSR State Committee on Prices, and USSR Central Statistical Administration on 20 July 1970), divides all waste materials into salvageable and unsalvageable. The first (those of which secondary use can be made) are excluded from production costs and thus do not play a role in the cost of the finished product. But the secondary are being written off for finished products, and are automatically hauled off to the dumps; in a word they simply perish. Moreover, the right to decide whether waste materials are salvageable or not is

granted to the enterprises themselves. In our opinion this should be done by the planning organs and by the territorial organs for material-technical supply. Only in this manner can the loss of valuable resources be stopped.

The measures proposed in this article for creating the necessary conditions for more actively utilizing waste materials in the national economy do not, of course, exhaust all aspects of this most important national-economic task. In our view, a solution which takes in the entire complex of conditions for utilizing waste materials--the economic, legal, organizational and resource aspects, and the protection of the natural environment--can be found in a USSR Law on Secondary Resources. A commission of specialists which examined this question early this year came to the same conclusion. The commission put forth the proposed content of such a law, which would embrace to a sufficient extent all aspects of the activities involved in the discovery, gathering, procurement, reprocessing and delivery of secondary raw materials.

Along with the general statutes, in which the position and role of secondary resources in the national economy would be reflected, as well as the significance of their utilization in economic, social and legal aspects, the law would touch upon questions of planning for the reprocessing and delivery of waste materials, the basic tasks for accounting, for accountability, and for price formation and standardization in this area. A prominent place in the law should be given to a general statute which touches on the management of the processes of gathering, procurement and utilization of secondary resources; and the jurisdiction and tasks of the central and local organs of state control in this matter, and also that of branch and regional economic organizations. It must also define the role of social organizations, labor collectives and citizens in participation in measures for putting secondary resources into use in the economy.

Finally, the law should include the basic features connected with economic incentives for putting the maximum amount of secondary resources into circulation in the economy, and also those connected with responsibility for irrational use of these resources and violation of the legislation in this area.

Issuing a Law on Secondary Resources and implementing the existing proposals, including those expressed in this article, will help bring about a situation in which by 1990 the level of use of basic types of waste materials will increase significantly, such that by the year 2000 for many of them the resources which accumulate each year would be completely recycled (for example, scrap iron and wastes from ferrous and nonferrous metals, metallurgical slag, worn-out tires, pyrite cinders, tannery scraps, and others). At the same time the value of the primary raw materials released in the 12th Five Year Plan can reach 70-75 billion rubles, as opposed to 48-50 billion rubles in the current five-year plan.

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